

MAY 15 1945

CREDIT

and Financial Management

May 1945

Features in This Issue

*Is That Large Credit You Passed Today
Protected by Proper Insurance?*

*Appraisal of Inventory Important
in Credit Analysis*

*Argument for Validation of Account
Assignments Presented by a Factor*

*A Review of Some of the Plans Used
When Selling Sub-Marginal Accounts*

*Cincinnati Develops Plans for Plenty
Of Jobs in Postwar Period*

*Some of the Credit Guides Issued
By Larger Companies for Salesmen*



TIMING

lands the big ones

The wise fisherman knows when to cast — when to strike — when to let the fish run — when to reel in. That's "timing."

DO CREDIT DEPARTMENTS use "timing"? Thousands do. Through it, confidence and good will are created and maintained. Through it, the "life" of the customer is prolonged—his business kept in good financial health—his inventories in line with his needs—his own credit record clean.

The quick, up-to-date reports available through Credit Interchange Automatic Revision and Signal Service contribute in a substantial way to "timing." They give you reliable ledger experience on which to base decisions. They tell you what, when, where and from whom the customer buys—how much he owes—how he pays. They are indispensable tools of the alert Credit Department.

"For Service Only"



Offices in Principal
Markets Throughout
the Country.

Ask Us

or any unit of our
nation-wide system
how you can register
your accounts at nominal
cost—how you can
get reliable information
quickly and economically!

Make full use of them. Register *all* of your customers with Credit Interchange. Then you can be certain that your "timing" is right.



Credit Interchange Bureaus
NATIONAL ASSOCIATION of CREDIT MEN
1154 Paul Brown Building ST. LOUIS, 1 MO.

CREDIT

and Financial Management

Contents

MAY 1945

VOLUME 47, NO. 5

Official Publication of National
Association of Credit Men

Chestnut at 56th Sts.,
Philadelphia 39, Pa.

One Park Avenue,
New York 16, N. Y.

Editor and Manager
Richard G. Tobin

Advertising Representative
S. E. McKeown

342 Madison Ave.
New York 17, N. Y.

Advertising Manager
Clifford T. Rogers
(Major, U.S.A., on Leave)

ESTABLISHED 1898

A Wartime Mother's Day (Editorial)	Henry H. Heimann	2
Relation of Insurance to Credit	Hugo H. Methmann	4
When is a Profit Not a Profit	Henry B. Gutman	7
Eliminating Monthly Statements	E. P. McNamara	9
Arguments Against Recordation	Joseph S. Fechteler	10
Credit for Sub-Marginal Customers	William J. Shultz	12
Cincinnati Has Definite Postwar Employment Plans		15
Credit Manuals for Salesmen		17
Millions in Bank Credit Are Ready		25
Sales Are Steady, Inventories Down, Collections Gain		27
News About Credit Matters		29

A Wartime Mother's Day

*She does not wear a service cross
Nor the Frenchman's Croix de Guerre.
And yet she bears the greatest loss
Of the struggle "Over There,"
For man-made laws are selfish,
How else can we explain?
She gave her all and lost her wish
That he'd come home again.*

*She did not feel the cut of steel
Nor the loss of precious blood.
From hand grenades she did not reel,
And fall on trampled sod.
But cruel blows she oft received
Upon her snow-white head.
Always it seems that she believed
Her boy among the dead!*

*She did not crawl o'er No Man's Land
In the deep dark fateful night.
She did not cut the barb'd wire strand
Within the foeman's sight.
But all she gladly would have done
If she'd only had the chance
To help her dear and only son
As his call came to advance.*

*She was not dined and feted,
None worshipped at her shrine;
No station crowds she greeted,
No loudly cheering line.
Yet when the heroes are counted
And proudly flags we wave,
You'll find the pathways crowded
That lead to Mother's grave.*

(The above stanzas, which were written by our Executive Manager, Henry H. Heimann, in 1927, seem especially appropriate for Mother's Day, 1945)



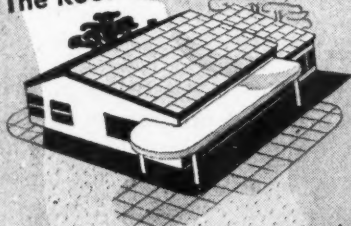
Is this kind of home worth saving for — and Protecting!

When you think of the kind of home you can have tomorrow—think of these practical, proved advantages that can be yours!

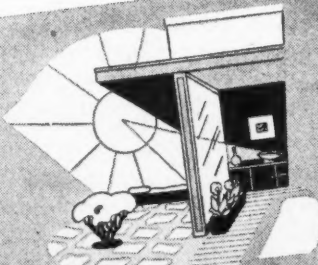
These actual developments are not dream-children . . . nor the products of starry-eyed designers of some "brave

new world" beyond the horizon . . . the overwhelming majority are in existence *right now*, only waiting for the mass demand that will follow the war, plus availability of materials to make them as practical a part of your daily life as a loaf of bread!

The Roof over your head!



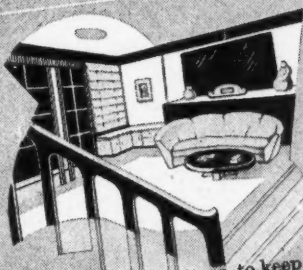
DO YOU KNOW, for instance, that the very roof of your house of the future may never need reshingling—that glass or aluminum shingles are proven practicalities?



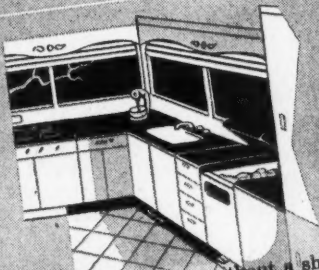
CONSIDER the possibilities in heating by solar radiation—cutting down fuel bills as much as one-third—that is actually in existence *right now*, made possible by a new kind of sealed double pane window glass.



OR THINK of that solar radiation being supplemented by radiant heating—heat that fills the room evenly with the cheery warmth of a sunny morning, that comes from floor, wall and ceiling—in use in 500 homes today.



OR TAKE the precipitron, to keep your home practically dustless—proven in practice since 1933—available to you after the war at a price you can afford and at proportionately low maintenance cost.



AND THE KITCHEN—without a sharp edge, with refrigerator and home freezing units recessed and built-in, as part of a plan for convenience that includes every detail—and is air-conditioned for continuous comfort!

Wait!

These are just a few of the details of your house of tomorrow that make it worth waiting—and saving—for now.

and when they are yours, they will be worth protecting with the surest, most complete insurance you can have . . . quality insurance to equal the quality of your living conveniences.

☆ **THE HOME** ☆
Insurance Company

NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

War Bonds are not merely a definite help in winning the war—bought systematically, they are an excellent means of saving with interest to buy quality goods later. Why not maintain and expand your regular purchases at pre-determined intervals?

Relation of Insurance to Credit

Is the Customer a "Protected" Risk?

By **HUGO H. METHMANN**

Assistant Vice-President, Fireman's Fund Indemnity Co., San Francisco, Cal.

Q What is a "complete" insurance program? How much should I, as a credit man, know about a customer's insurance coverages? As a practical matter, can I, as a credit man, find out as much about the customer's program as I would like to? What insurance coverages should a customer carry to make him a safe credit risk? These are questions that you undoubtedly have asked yourself from time to time.

Business is full of all kinds of risks—things that happen which cause concerns to fail or to suffer serious financial loss. Many of these risks can be eliminated entirely or partly by insurance. A complete insurance program, then, is one which is so fitted to the needs of a particular firm that ruinous or disastrous losses are eliminated insofar as it is possible to eliminate them, by means of insurance. Such losses should be insured against whenever possible even though the cause of the loss may be unusual and the occurrence rare. Of course, the cost of the insurance is always a factor.

Large firms generally recognize that the most important types of insurance are those which involve large, even if infrequent, losses. You would be surprised, however, how many small retailers spend \$20 or \$30 a year for Plate Glass insurance and fail to buy proper third party liability insurance.

If all of his plate glass broke, the small retailer might be seriously "bent" but he could make a fresh start. However, if someone were seriously injured because of a defective or alleged defective condition in his premises, that's a different story. The cost of defending such a claim and the payment of a judgment which might be rendered against him is likely to put him out of business.

Are Your Customers Covered?

As a practical matter, you probably cannot know as much about your customers' insurance coverages as you would like to know. However, insurance programs today are generally much more complete than they were a number of years ago. Insurance brokers and agents as well as insurance buyers are becoming more and more insurance-wise. It's becoming more common for insurance agents and brokers to prepare, and for insurance buyers to demand, a complete survey of insurance hazards and a suggested insurance program. Just as an architect designs a house or an engineer a plant, the competent insurance broker or agent designs an insurance program to fit not only the individual needs and requirements, but also the budget, of his client.

Such a survey and suggested insurance program may separate the coverages into various classes such as "vital coverages," "advisable coverages," and "available coverages." The "vital coverages," of course, are the "must" coverages—those which, without question, the buyer should carry. The "advisable coverages" are those which the insurance broker or agent urgently recommends. The "available coverages" are those which can be purchased as respects which the broker or agent makes no specific recommendation unless it be against insuring. The insurance broker or agent usually lists or mentions all coverages that can be bought so that his customer, after an uninsured loss, can never say to him, "You didn't tell me that I could buy insurance against that kind of a loss."

Ask for Insurance Survey

In some cases, then, you may actually be able to examine a customer's insurance program as thoroughly as you would like by reading the outline of his insurance program or survey as prepared by his broker or agent. In many instances, of course, you may not be able to actually see the survey, but if you are told that the Doe Insurance Agency has prepared such a survey and that your customer has carried out the recommendation of the Doe Insurance Agency, then you may feel satisfied that your customer's insurance program is sound. This is especially so if you already know or can find out by inquiry that the Doe Insurance Agency knows its business.

After all, insurance is but one factor, although an important one, in determining the line of credit that you are going to grant. On concerns with a high mercantile rating such as the very large manufacturing railroad or public utility corporations and when the maximum line of credit is comparatively nominal, the insurance factor may be of little consequence. However, most of your customers are not of that class. Consequently, in most of your decisions the insurance factor is important. The more you know about the insurance program of your customer the better you are able to exercise your judgment.

I suppose that many customers may feel that you are prying too much into their private affairs when you ask about insurance carried. This is a challenge to the sales ability of the credit manager. You need not necessarily sell your customer on the idea of giving you complete details of his insurance program, although that may be one way of doing it. Another way is to sell the idea to

your salesman in the territory. He is interested in making sales. If a customer's line of credit and therefore your potential sales to that customer are held down because you are not satisfied with or don't know enough about the customer's insurance program, your salesman might be the means of getting the information you want.

What Is "Vital Coverage?"

It would appear then, that the insurance factor assumes greater importance as the line of credit approaches the maximum allowable and as the mercantile rating gets lower. Certainly few firms buy all the insurance coverages they could buy. What test shall you use? What is important anyway? An insurance coverage which is "vital" to one firm may be only "advisable" to another. No two businesses, any more than two individuals, are alike. Let us, therefore, discuss briefly some of the various insurance lines and see if we can answer these questions.

It seems to me that Fire and Extended Coverage, Use and Occupancy or Business Interruption, and Comprehensive Bodily Injury and Property Damage insurance are vital coverages to any business. In addition, some forms of Burglary and Robbery, Broad Form Money and Securities and Fidelity and Forgery insurance are probably vital coverages to most concerns.

In Fire and Extended Coverage insurance the big thing to be sure about is that the amount of insurance carried complies with the provisions of the co-insurance or average clause which may be in the policy. This means that as values increase the amount of insurance must be increased. Remember, the original cost of a building does not determine its value for insurance purposes, which is replacement cost at the time of the loss less depreciation. There are undoubtedly many concerns who, in the event of a loss, would collect only partially because their insurance has not been increased as building costs have risen.

Why should firms have a co-insurance or average clause in their policies? Why not buy insurance without such a clause? These are good questions. Every fire will cause some loss, but not all fires will cause total or substantial losses. For that reason the insurance company can afford to charge a reduced rate if the insured agrees to carry insurance up to an agreed percentage of the value of the property covered. It seems then to be good business for a buyer to take advantage of the reduced rate provided he maintains insurance in an amount which at least equals the agreed co-insurance percentage provided by his policy. Appraisals made by regular appraisal companies are most valuable in connection with determining the replacement cost, less depreciation, of buildings and other property.

U & O Coverage Gains

Use and Occupancy insurance has been bought by more and more concerns in recent years. One reason is that there have been a number of cases where a small fire, windstorm or other hazard insured against, caused a resultant Use and Occupancy loss many times the fire or other physical damage loss. A number of concerns

have fought shy of Use and Occupancy insurance. It looked complicated. True, the Use and Occupancy form is not as simple as a, b, c, but it is not complicated. However, the insurance agent or broker must have certain essential information to properly write the insurance. This can only be supplied by the insured prospect. Properly written, the Use and Occupancy form will provide indemnity for interrupted earnings during the time it takes to restore the business to operating condition. It is not intended to and does no more than the business itself would have done had fire or other hazard insured against caused no interruption. That's why Use and Occupancy insurance is often, and probably more properly, referred to as Business Interruption insurance.

The so-called Extended Coverage Endorsement is pretty generally attached to the Fire insurance policies of most business concerns. It may not be amiss to remind you that in general it includes insurance against loss or damage by windstorm, hail, explosion, riot, civil commotion, aircraft, smoke and vehicles. Extended Coverage should automatically go with every Fire insurance policy just as crackers go with cheese.

Too many concerns are still protecting themselves with outmoded third party liability insurance policy forms. This is the insurance which protects against legal liability for damages because of bodily injury or damage to or destruction of property arising out of specified operations. This type of coverage is most important because while losses are comparatively infrequent they are often large. Remember, a judge and maybe a jury are the persons who finally determine liability in such cases.

Third Party Liability

Of course, most concerns carry Automobile Bodily Injury and Property Damage insurance on automobiles they own. Many carry such coverages on any automobile hired by them or otherwise used in their behalf, but too many do not. In connection with various liability insurance coverages other than Automobile, too many concerns are only partially protected notwithstanding that complete protection is available at reasonable cost.

Third party liability insurance is best provided by the new forms of Comprehensive Liability policies because these give broad coverage and contain only a minimum of easily understood exclusions. This policy form includes in one policy, instead of in several policies, all liability coverages such as Owners', Landlords' and Tenants', Elevator, Manufacturers' and Contractors', Owners' and Contractors' Protective, Contractual, Products, Teams and Automobile and Trailers, whether owned, hired or non-owned. As a matter of fact, it gives broader coverage because hazards which haven't been thought of, because they haven't occurred, are included. Insurance men refer to this as the "unknown hazard."

The exclusions are few and easily understandable but nevertheless important.

Liability assumed under contracts other than those defined in the policy is excluded. "Contract" is defined as a warranty of goods or products, or, if in writing, a lease of premises, easement agreement, agreement pro-

vided by municipal ordinance, spur track agreement or elevator or escalator maintenance agreement. Liability assumed under other contracts may be included by advance agreement with the company.

The policy does not apply to the ownership, maintenance or use of watercraft while away from premises owned, rented or controlled by the named insured or of aircraft, except when such watercraft or aircraft are operated by independent contractors.

Obviously Workmen's Compensation or Employers' Liability claims are not covered.

Other Exclusions

The other exclusions deal solely with the Property Damage part of the coverage and therefore mean nothing if Property Damage insurance is not carried.

Injury or destruction of property owned, occupied or used by or rented to, or in charge of or transported by the insured is not covered, except that with respect to liability assumed under spur track agreements and the use of elevators or escalators, property in the care, custody or control of the insured is included. The property damage feature does not include damage to the products or goods manufactured, sold, handled or distributed, premises sold or otherwise alienated or work completed by or for the insured, out of which the accident arises. In other words, if a cylinder of oxygen gas bursts, loss or destruction of the cylinder and the gas is excluded but injury to persons or property caused by the gas or the cylinder is covered.

In the basic forms there is a property damage exclusion which is generally referred to as the "Water Damage Exclusion." In actual practice this exclusion is generally eliminated by payment of an additional premium. In most cases this is nominal, but it may be substantial—depending entirely upon the circumstances surrounding the particular risk.

Too few concerns buy property damage insurance on hazards other than in connection with automobiles and then only in nominal amounts. In the past this was largely because there were too many exclusions in the form and because insurance companies shied away from that type of coverage. Most contractors now buy such coverage, usually with a deductible of from \$50 to \$500 or more. Merchants should buy such coverage too—not for the small losses that occur from time to time, but for the infrequent, substantial losses. If a fire starts in the Roe Company premises and spreads throughout the building and to adjacent structures, it is a certainty that if there is any possibility of proving negligence on the part of the Roe Company, the Roe Company is going to be sued. Even a private passenger automobile can do excessively large amounts of damage if, in an accident, it catches on fire and the fire spreads. Considering the nominal cost of high limits, it is worth-while not only to buy Property Damage coverage, but to buy high limits. Larger concerns, of course, may avail themselves of the substantial credits in rate granted if a deductible is carried.

Blanket Fidelity Forms

Fidelity insurance is a vital coverage in most organizations. One of the Blanket Fidelity forms available to

business risks should be carried rather than the schedule forms on which individuals or positions covered are specifically named and each bonded for a given amount. If you find that your customer carries a Primary Commercial Blanket Bond or a Blanket Position Bond, you will know that every employee is included in the coverage without exception unless the insured specifically requests the exclusion of certain officers or groups of employees. That's the advantage of these forms. The principal difference between them is that the amount of the Blanket Position Bond applies to each employee whereas the amount of the Primary Commercial Blanket Bond generally applies to all employees as a group. The point to remember is that even small concerns—those with as few as one or two employees who would or should normally be bonded—can buy a Blanket Position Bond for a really nominal premium.

With the advent of the Money and Securities Policy—Broad Form, the Office or Store Hold-Up, Messenger Hold-Up and Safe Burglary policies became out-of-date for most concerns. This is really an all-risk policy because it covers all direct loss of money and securities caused by "the actual destruction, disappearance or wrongful abstraction thereof." The policy therefore covers destruction by fire or any other cause and just plain loss or mysterious disappearance as well as loss by hold-up, burglary or robbery. Until this broad form policy was issued, such coverage was not available to business risks other than banks, investment brokers and lending institutions.

The type of Forgery coverage known as "Depositors' Forgery" which, generally speaking, covers loss by forgery or alteration of checks issued by a concern, has too often been placed in the "available" class. In view of its low cost, it should be given earnest consideration. While losses are infrequent, when they do occur they are often very substantial, especially when employees are involved. There is a 50 per cent credit in the premium if forgeries committed by employees are excluded. Many firms take this discount when fidelity coverage is carried. In my opinion, this should not be done because when an employee starts a forgery career, the amount of fidelity coverage is usually woefully inadequate. As a matter of fact, surety companies estimate that for every \$1 they pay in fidelity claims the employer pays \$3 because he hasn't bought enough fidelity insurance.

Particular Types of Risks

Certain types of concerns will have other forms of coverage that are vital but peculiar to that type of customer. Furriers—either wholesale, retail or manufacturing—laundries and dyers and cleaners should certainly carry one of the forms of Bailees Customers policies issued through the Inland Marine Departments of fire insurance companies. Newspapers and milk distributors probably should carry so-called "Extra Expense" coverage as an endorsement to their fire and extended coverage. No matter what happens, they could not just shut down. They must continue in business, despite fire, windstorm or what not—usually at great additional expense.

(Continued on page 8)

When is a Profit Not a Profit?

Importance of Checking Inventory Values

By HARRY B. GUTMAN, C.P.A.

New York City

In his enchanting little story *The Hondecoeter* John Galsworthy shows us old James Forsythe deeply worried over the problem "When is a bargain not a bargain?" The old man had bought a picture by Hondecoeter very cheaply . . . a veritable bargain it was for him, who always thought only in terms of money. And yet, some years later, the market value of this large painting of the famous Dutch painter had fallen so low that James' picture was no longer a bargain, and could be disposed of only at a loss.

The direct opposite can also happen. John Doe urgently needs a new suit of clothes and buys it for \$35; the next day he is offered \$40 for it by a friend who likes its cut and color. John sells it and goes to buy another suit for himself; unfortunately, the price has been marked up in the meantime and John is now forced to pay \$45. To be sure, he made a profit of \$5 when he sold the first suit. But has he really made a profit? The total transaction has cost him \$5 more and he has become poorer by this amount. Thus, he has every reason to concern himself with the question: When is a profit not a profit? This question is of great interest to creditmen also.

How the Extra Profits Go?

Everywhere there is prosperity and optimism. Prices are rising and high profits adorn the profit and loss statements. What are our customers doing with these high profits? As decent people, they have used them first to pay off old debts. Then, they all have raised their living standards, they have paid larger salaries to their executives and higher dividends to their stockholders; many of them have expanded their businesses, enlarged and modernized their plants; some of them have devoted a certain percentage of their profits to the accumulation of surpluses and reserves in order to strengthen their working capital. The higher dividends had stimulated speculation in stocks.

All this, the higher income from business, the higher salaries and wages, the higher dividends and the profits made on the exchange spur demand and advance prosperity. There is always plenty of money on the market and demands for credits can be met easily. Since output and costs are steadily rising, this demand also is steadily growing. But we regard this phenomenon rather coolly, belonging as we do to a rich and growing people and seeing no clouds in the economic heaven.

Suddenly something happens: Speculation has driven stocks too high and reverses occur at the exchange; the Bulgars have declared war on the Abars; one or the other of our highly-rated businesses can no longer cope with the rising costs. Demand begins to slacken. Prices are lowered and production is stepped up to improve the situation, characterized by declining demand on one hand and rising costs on the other, but this policy succeeds only temporarily. The pressure of the costs becomes acute. Now, lenders grow more cautious and soon some of them try to reduce their engagements. Thus, the economic situation grows worse and is sometimes shaken to its foundations by the sudden outbreak of a violent crisis.

When Depression Comes

When depression comes, industry works at first under the conditions of overcapacity. It is difficult to cope with fixed costs. The profit and loss statements show losses instead of profits. Pessimism replaces the former optimism. Income shrinks, and John Doe tries to make his old clothes do for as long as possible. Notwithstanding, comes a day when he can no longer hang on to them and he must buy himself a new suit of clothes. He pays \$40 for it; he goes home and finds his child sick;; having no money left for the doctor, he sells his new suit to his friend for \$35; a week later, he uses his weekly pay to buy the needed suit again and he gets it now for \$30. When he sold the first suit, he suffered a loss of \$5; on completing the whole transaction, he possesses \$5 more. Has he not reason to ask himself: When is a loss not a loss? This question also is of great interest to the creditman.

John Doe's experience is that of every businessman. As a matter of fact, John Doe, in this respect, is better off than is the average businessman. Had he not bought his first suit but waited for a week, he would have saved \$10 instead of \$5. The businessman however cannot wait as a rule. To keep his business going he must purchase merchandise, raw materials, labor, etc., whenever he becomes short of them, even when prices are just about to decline, and he must sell his merchandise within a certain time.

Merchandise vs. Cash

As a rule businessmen are used to thinking in terms of money. For that reason they are accustomed to calculate profits and losses in monetary terms only.

Yet, a business has to do not only with money but also with merchandise; it needs not only to sell but also to purchase. The capital of a business is invested not only in money but in tools of production and other operation, in merchandise—only to a small extent in money proper.

If a businessman uses as a yardstick not only money but his product or merchandise, he will arrive at different profit and loss figures than he gets by figuring them out in purely monetary terms. Profits will look lower in times of rising prices, and higher in times of declining prices; losses, on the contrary, will look lower in times of declining, and higher in times of rising prices. From the general economic viewpoint, the measuring of profits and losses in products or merchandise, and not in money, is the more correct procedure. If we consider as real profits and losses only those which enhance or diminish our capital (in the economic sense, which consists of various items of very different nature), we get, when measuring in terms of money, inflated profits and deflated losses in times of prosperity, and deflated profits and inflated losses in times of depression. If we replaced thinking in monetary terms with thinking in terms of the single assets and liabilities (especially in terms of products or merchandise), we should avoid the majority of economic mistakes and errors which lead to crises and depressions from time to time. This substitution would most probably be instrumental in eliminating, to a great degree at least, the ugly phenomenon of business cycles.

As the Creditman Sees the Case

For the creditman, the situation is as follows: Only the smaller figures obtained in figuring out profits and losses both in terms of money and merchandise are indubitable profits and losses. The difference between both valuations are of a somewhat doubtful nature; they represent fluctuations ascribable not to the business operations in a narrower sense, but to the prevailing economic trend. Since, under present conditions, this trend is bound to change from time to time, such trend profits should not be treated like real profits from operation but should be reserved at least partially to offset trend losses in the next period of depression.

Here, the question of correct computation of reserves comes to the fore, which is of great importance also to the creditman. Reserves in times of prosperity should be great enough to cover losses due to adverse trends, although they need not necessarily equal the trend profits, for, in a sound national economy, trend profits in prosperity periods are always greater than trend losses in periods of depression.

If the creditman takes the essential difference between trend profits and losses on one hand and real profits and losses on the other into due consideration, he will be less lavish with credits during prosperity and will restrict his lending in time, before the crisis comes into the open; for generally more than a year before the outbreak of a crisis, profits measured in terms of merchandise begin already to shrink, or to be replaced by losses. On the other hand, he will be more open to giving credits in times of depression even to firms whose books show losses, yet whose business is intrinsi-

cally sound as demonstrated by the profit figures in terms of merchandise, provided there are reserves to offset the trend losses which may eventually occur. The end of a critical period is shown when profits measured in merchandise begin to replace losses or begin to rise at a time when profits and losses measured in monetary terms do not yet reveal this change. The creditman, operating as described, will thus serve not only his own interest but also the interest of his clients and, above that, the interest of his country's nation's economy.

A Case in Point

Practical experience has shown the great advantages of such a calculation and credit policy. I was in a position to watch the operations of a great money-lending organization for years. This institution had put into practice the method described here. When the big crisis came, it was the only enterprise of its kind in that place which did not become a victim of the crisis through losses on its credit business. All its local competitors, including a larger enterprise than the one mentioned, which had followed old methods and based its policy upon the book figures of clients, were obliged to reorganize or to close during the years of the depression following the crisis.

It is not too difficult to separate the real profits and losses from the trend profits and losses. The easiest way is to calculate the replacement values of the sold merchandise. The difference between cost and replacement values represents the trend profits and losses, the difference between replacement and sales values represents real profits and losses. This computation—for the purposes of the creditman—need not be painstaking and exact, but only approximative.

Relation of Insurance To Credit as Coverage For Risk Involved

(Continued from page 6)

Briefly then, Fire with Extended Coverage Endorsement attached, Use and Occupancy or Business Interruption insurance and Comprehensive Bodily Injury and Property Damage Liability are the most vital insurance coverages for any business large or small. Fidelity insurance under either the Primary Commercial Blanket Bond or the Blanket Position Bond and the Money and Securities Policy—Broad Form are vital coverages for most businesses. Other forms may be vital to a particular concern because of the way it operates or because of the nature of its business.

Yes, so long as we continue in a free economy business will continue to be full of all kinds of risks. At the same time insurance will continue to entirely or partly eliminate many of them. This is as it should be because one of the main functions of insurance is to help ease the flow of credit and commerce.

Only a Few Require Statements

Elimination of Monthly Accounting is Big Saving

By E. P. McNAMARA

Greenlee Brothers, Rockford, Ill.

In With the complex and acute situation which has been and still is prevalent in many offices, consideration may well be directed toward the elimination of certain practices which, through years of repetition, became an accepted custom, thought to be entirely essential in the conduct of affairs.

In a survey along these lines which we made a year ago, one of the outstanding curtailments we thought advisable—at least worth the experiment—was the discontinuation of issuing monthly statements on our receivables. At the offset, we were somewhat skeptical and reluctant in doing this, having religiously mailed out statements every month for many years. However, we could see a large wastage in time, effort, stationery, and postage in the hundreds of statements we received from our suppliers and to which we paid no attention whatever, but promptly destroyed. Our settlements are made from the invoices which give complete detail for verification. We consequently have no use for statements. On that theory we determined to see what ratio of our customers desired, or really used, our statements. To those who wanted them, for whatever their purpose, we certainly would cooperate.

Asked All Customers

We went through our ledger cards and to all accounts, large and small, which had postings within the preceding two years, we mailed a printed postal card, reading:

"To expedite our accounting and reduce clerical labor to a practical minimum, we will hereafter NOT issue monthly statements of account, EXCEPT to those who especially REQUEST and REQUIRE them. We ask that you please retain and preserve our invoices so that payment can be made WITHIN THE TERMS thereon specified.

"In the event that you require a monthly statement, please sign and return to us the attached card. Thank you."

To this card was attached an addressed business reply card on which we used a postal permit making no stamp necessary and which briefly read:

"To meet our requirements please continue to let us have monthly statements of our account."

(Name and Address)

Only 300 Out of 11,000

Considering that we had sent out more than eleven thousand of these notices, at least two-thirds to current active accounts, we were rather surprised and quite delighted to have only slightly over three hundred, or approximately three per cent, of the requests for statements returned. Bear in mind, if you please, that all they had to do was to write or stamp in their name and address and mail the card. No burden was placed on them. Furthermore, consider that all of these accounts were within the mercantile classifications from AA-A1 to K-3, with "high" or "good" general credit, which indicates the better average type. What this has meant to us is that right at the busy first of the month we do not have to prepare several thousand statements. The time alone which is saved is amazing, but the expense of mailing is also worth considering for, over a year, without thought to the cost of forms, the postage alone would mean many hundreds of dollars.

As to actual collection results achieved, which after all is the nucleus of the entire subject, may we say that there has been no perceptible reduction. In fact, while money is easy and credits are no great problem today, we have seen a marked improvement in handling our receivables, due at least in part, we believe, to the elimination of monthly statements.

Checks Tax Habits

In some cases, likely more than is anticipated, when an invoice is received it is placed away in file, irrespective of terms, with the thought that when the next statement arrives will be plenty of time to issue a check. Frequently it appears the invoices are not easily found and the statement is returned with a notation asking for a copy. This provides a good excuse and means additional time for the disbursement. Without the statement this is overcome. If and when the customer knows the invoice is all that he will get, he will be more apt to keep it in sight and respect the terms. It is for several good reasons far better to make the settlement from the invoice and we encourage that.

The auditors may object to the practice of omitting monthly statements, because, as they point out, errors which bookkeepers and others make in posting credits.

(Continued on page 28)

Against Recordation of Assignments

An Opponent of Such Laws States His Views

By **JOSEPH S. FECHTELER**

Member of the Board of Meinhard Greeff & Co., Factors, New York City

The idea of recordation statutes has run into a considerable amount of opposition, not only from banks and finance companies, but from business men. Many people feel that the filing of a public notice will seriously affect credit, will lead to unfair competition among financing institutions, and will injure the means of financing which is now commonplace and upon which many business concerns rely. In addition, there are also legal objections to a recordation act.

However, I am going to avoid entirely the business and legal aspects of the situation and examine the recordation statutes solely from the point of view of a credit man. What you want to know is—Will statutes similar to those of Ohio, California and Missouri help you? If they are of help, is it possible to get other states to fall in line and pass similar laws?

I think the best way to explore the possibilities of a recordation statute is to take a specific case. Let us suppose, for example, that a company in Connecticut has just received an order from a customer in Alliance, Ohio. The credit man feels, before he approves the order, that he would like to know whether or not the customer is assigning his accounts receivable. Offhand, the quickest and most reliable way to find out this information would seem to be for the credit man to obtain a financial statement or write to the customer, asking him whether or not he is assigning his accounts and, if not, whether he intends to do so in the near future. Instead of taking this direct method, the credit man decides to make use of the Ohio recordation statute. That statute will present a series of problems, and I want to take them step by step, to show exactly how the statute works out.

Where Was Recordation Made

In the first place, our credit man would have to know whether in Ohio the notice is filed with the secretary of state or with some local office. Out of six recordation statutes which as of this writing have been enacted, only three provide for filing with the secretary of state.* If similar laws should be enacted, you can rest assured that there will be the same lack of uniformity regarding the place where the notice is to be filed. This means that the credit man must have available concise information regarding each statute and will have to consult that information each time he wants to make use of a recordation statute.

On examining the Ohio statute the credit man discovers it provides that the public notice shall be filed

with the county recorder of the county in which the customer has his principal place of business. The credit man must therefore figure out in what county Alliance is situated and where the county recorder is located for that county. It so happens, in Ohio, that the office of the recorder is in the county seat, that Alliance is in Stark County, and that the county seat is in Canton. Possibly the credit man will have all this information available not only for Ohio but for each state which may have a recordation statute. If he does not, he is going to have quite a problem trying to figure out where to address his inquiry.

Where is Principal Office?

But even after he has located the county seat, he will still have another problem, because the Ohio Act—and the same is true of the California Act—provides that the notice must be filed with the county recorder of the county wherein the customer has its principal place of business. Now it is quite possible that the customer may have offices in several cities in the State, and the credit man has no way of knowing which is the principal place of business. This may seem like an attempt to create a difficulty, but I assure you it is not. There was a case in Massachusetts in 1941 where a corporation had its only office in the City of Everett. A chattel mortgage was filed with the town clerk, and subsequently the corporation became bankrupt. The holders of the mortgage soon learned, to their sorrow, that the mortgage was invalid because it had not been properly recorded. What happened was, that when the corporation was founded in 1914 the agreement of association gave the location of its principal office at Boston. In 1925, eleven years later, it closed its office in Boston and moved to Everett, but it never formally changed the agreement of association. The court held that under Massachusetts law the residence of the corporation was in Boston and the mortgage should have been recorded there—even though for years the corporation had its only place of business in Everett.

I mention this case to bring out the fact that if a credit man is going to rely upon statutes to check credits, he might as well know from the start—as any lawyer can tell him—that public recordation statutes are surrounded by pitfalls that will soon bring grief to the credit man who rushes in where even lawyers fear to tread.

Let us assume that our credit man is lucky and that the county recorder at Canton is actually the correct office. The credit man writes to the recorder, and after

a few days—or maybe weeks—the recorder replies that as of January 18 there is no notice on file.
What now?

Assignments Out of State

If the credit man is checking the credit on the assumption that the customer is not assigning his accounts, all he knows is that up to January 18 no notice was filed in Canton, but if he assumes that the customer is definitely not assigning his accounts, he may be due for a very unpleasant surprise to discover later on that all along the customer has been financing his accounts with a Chicago bank under an arrangement whereby the assignments of the accounts receivable take place in the City of Chicago. The obligation under the Ohio statute to file a notice of assignment is directed at the person to whom the account receivable is assigned, and under the Ohio Act it may well be that a Chicago bank does not have to file if the assignment is held to have been effected in Chicago.

Here is another point. The Ohio statute does not require that a notice be filed if accounts receivable are transferred by means of a bona fide sale. In other words, if the customer in Alliance made an outright sale of its accounts receivable for cash, the Ohio statute has absolutely no application to such a transfer.

Under these circumstances, the absence of a notice cannot be relied upon. It is a green signal that gives no indication of the danger ahead. The credit man who relies on such a signal as a substitute for making his own inquiry is headed for trouble.

Must Get Other Details

But let us suppose that the county recorder in Canton replied that a notice was filed on January 10. That notice gives no details except the name of the bank involved. It does not state how many accounts were assigned, how much is owing on those accounts, or whether assignments are still being made. The credit man, to find out this information, must then do what he could very well have done in the first place—write to the customer and ask for details.

Now, I know the reaction is going to be—Well, if the various recordation statutes are filled with these loopholes, why can't we have a uniform statute which will provide for a filing with the secretary of state, will cover all accounts receivable, and will be adopted by the forty-eight states, and the District of Columbia? The answer to this is: It can't be done.

In the first place, some states don't like the idea of filing documents with the secretary of state. You will note that out of the six recordation statutes that have already been passed, three provide for local filing.* The reason these three statutes provide for local filing is that the people who put these bills through want the public notices to be filed in their own localities. It is much more convenient for a bank doing a local business to check the records in its own city than to send a letter to the state capital and wait for the secretary of state to return an answer. This would be particularly true in the larger states, where the capital is often at some distance. I am quite sure that if recordation statutes are adopted by any great number of states, you will find that most will provide for local filing.

Both Sides of The Question

In the April issue an article by Mr. R. H. Ryan, of Pratt & Whitney, West Hartford, Conn., presented arguments in favor of Recordation of Assignments of Accounts Receivable. This article presents the viewpoint of those opposed to Recordation and in favor of what are called Validation statutes.

Who Opposes Recordation?

As to the possibility of a recordation statute becoming universal throughout the country, I am certain such an attempt would end in failure. A recordation statute, publicizing as it does a business transaction which has heretofore been as private as borrowing money or transferring a promissory note, has incurred the opposition of business men, banks, and finance companies. I am not going to attempt to say how many people are for or against recordation, but it is safe to say that a substantial element of the business interests of this country consider recordation to be an unwarranted interference with credit and individual action.

The action of the states which have considered legislation on this subject bears this out. At the time of writing this article twenty states (listed at the end of this article) have enacted some form of statute regarding the assignment of accounts receivable. Of these, twelve statutes are known as the "validation" type—that is, they validate the assignment of an account receivable by the mere execution of a written assignment, without the necessity of notifying the debtor, marking the books of the assignor, or filing a public notice. Two statutes require the marking of books but not the filing of a public notice, and only six out of the twenty statutes are recordation statutes. On the strength of this performance, it can hardly be said that recordation statutes have received popular support or that they have any chance of becoming nation-wide. The result, therefore, is that so long as there are some states that do not require recordation, there will always be a loophole open to a customer to assign his accounts without filing a public notice, even though the law of his particular state requires the filing of such a notice. In that situation, of what use is finding out that no notice has been placed on file?

It seems to me that the only safe method that credit man can use is that of direct inquiry. Even if a notice is filed, the credit man must still find out from the customer what the notice was all about. If there is no notice, the credit man is still not sure and must inquire further to be safe.

Credit Agencies Would Help

Of course, in reporting the presence or absence of recorded notices the credit agencies will be of great help. But there are many credit men, especially those with small concerns, who rely upon their own investigation, and if they intend to resort to these recordation statutes, they are going to be in trouble. Furthermore, the credit agency can only report the presence or absence of a notice. In other words, if a credit agency reports that there is no notice on file, you still have the loophole of an assignment in another state or the possibility that the notice had been filed in another county

(Continued on page 28)

Credit for Sub-Marginal Customers

Plans Used in Lieu of "Regular Terms"

By **WILLIAM J. SHULTZ***

Assistant Professor of Business Administration,
College of the City of New York

C When a new customer is found to be submarginal, or the financial position of an old customer deteriorates so that he becomes submarginal, it is not always necessary to refuse to ship upon his orders. There are several arrangements that may be made with him which will permit his orders to be accepted with complete, or nearly complete protection to the seller.

While a customer may not be acceptable as a credit risk, no seller can object to his orders upon terms of immediate payment, or if the seller retains title to the goods while they remain in the customer's possession.

The most liberal "immediate payment" terms would be "cash"—which generally means payment within ten days of the invoice date. "Cash" terms, of course, involve some credit risk. The customer may fail within the ten-day period, or he may not pay within that period and put the supplier to the task of collection with the eventual possibility of taking a bad debt loss. But "cash" terms do prevent the cumulation of orders to a weak account during the credit period. Presumably no substantial amount would be sold to a customer in such a weak position that he must be placed on a "cash" basis. Hence the seller risks only a single small amount. Should the customer fail to pay a "cash" invoice within the limited time allowed him, of course no further "cash" orders would be shipped to him.

Special Risks Involved

C.O.D. and S.D.-B.L. orders eliminate the small credit risk that attaches to "cash" terms, but they involve a special risk of their own. When the order arrives, the customer may find himself unable to make the cash payment involved, or with fraudulent intent he may refuse to pay. He communicates with the seller, pleads momentary shortage of funds, and asks that the order be released to him, promising to send his check in a day or two. If the credit man refuses this request, his firm not only loses an order but must sustain the shipping charges to and from the customer. If he accedes to the request, payment may be long delayed, and there is a good chance that it will never be received.

C.B.D. terms give 100 per cent security to the seller. They are particularly to be recommended where a customer's low credit rating is attributable to the moral risk involved, and when selling to a business operated

by a bankruptcy receiver or trustee. Where the low credit rating is due to the customer's weak financial position, there is little probability that C.B.D. terms will be accepted, unless the order is absolutely essential to continuation of his business; if he honestly cannot find funds to meet his overdue trade obligations, he is not likely to be able to pay in advance of receipt of goods. But no harm is done by a diplomatic offer of C.B.D. terms, and occasionally a sale that would otherwise be missed can be effected thereby.

A Division of Terms

A not uncommon practice for customers that are borderline cases because of financial weakness is to offer to sell them partly on C.B.D. terms, partly on regular terms. One-quarter or one-half of the total invoice amount may be requested before delivery, the remainder to be paid on the regular net 30 or net 60 basis. Such an arrangement does not completely impugn the customer's credit standing, and his goodwill is thus maintained; yet the credit man has substantially reduced any loss that his firm might have to sustain should the customer eventually default.

Consignment terms involve so much supervision of the buyer by the seller that they are not commonly employed for ordinary merchandise. But where automobiles, durable household equipment, and similar items of substantial size and value are involved, or where a large delivery of raw material can be earmarked to a particular production order on which the manufacturer is engaged, consignment may be the only practicable means of selling to a submarginal customer and still protecting the seller.

When a customer orders on regular terms, and the credit man decides that the sale should be made only on one of the special terms noted above, he is not free to direct shipment on one of these special terms and so notify the customer. No legal contract that would bind the customer has been made. The customer's purchase order presuming regular terms, or the salesman's slip that embodied the customer's purchase order, was a legal offer to buy. But when the credit man refused to authorize the sale on regular terms, this offer was not accepted. The credit man must make a new offer of the sale on the special terms to the customer, and the customer must accept this new offer, before a valid contract comes into existence.

* This article is an excerpt from a forthcoming book on Credits and Collections by Dr. Shultz, to be published by Prentice-Hall.

This letter offering the customer the special terms affords the credit man an opportunity to exercise his finest talents as a letter writer. The situation is a delicate one. He must somehow tell the customer that the latter is not a satisfactory credit risk, yet maintain his good will to the extent of obtaining an order on terms that must certainly aggravate the customer. The letter should, in one way or another, assist the customer to maintain his self-esteem. Perhaps, while referring to the factor that temporarily makes him a poor credit risk, his self-importance can be built up by mentioning favorable factors with a "but"—"You are securing a very good turnover, but," or "you have a substantial investment, but." Or confidence may be expressed in his ability—"When you bring matters under better control," or "The ability and experience which you so apparently possess." Certainly confidence should be expressed in his integrity. His feelings may be salved by not singling him out as an individual case, but merging him in a group, by use of expressions such as "anyone" or "any business man." His difficulties may be attributed to causes outside his control by reference to "some unexpected circumstance," or "recent business conditions," or "some local situation." The opportunity should be seized to show him that the special terms offered will benefit him by assuring him of a cash discount. Imply that the arrangement can be revised, by phrases such as "for the time being," "until conditions improve," or "until you have operated for a few months." Emphasize that your firm is genuinely interested in his success, and values him as a customer.

How Miss Sommers Handled Case

The following is an example of a letter embodying these principles, prepared by Miss Helen Sommers, an outstanding authority on credit letter writing:*

Gentlemen:

Thank you for your order and for the opportunity to demonstrate our service and the quality of our merchandise.

The usual credit investigation preliminary to opening a new account has brought us a Dun & Bradstreet report giving us the interesting history of your business, and details of your present financial situation.

You are securing a very good volume, but when we compare it with your receivables, it is apparent that your customers are not cooperating with you properly in paying their bills. The money you have tied up in amounts overdue from your customers could be used to reduce your own indebtedness, which we feel is rather heavy, and to eliminate the reports of slowness up to 90 and 120 days which are coming from your creditors.

It is not in the spirit of criticism that we mention this, for no doubt you are already taking steps to bring this situation under control. Our policy, however, does not provide for credit accommodations where payments are slow to this extent, and we therefore regret that we cannot ship your order on open account. We should, however, like to review your situation again in six months, and take up the matter of credits with you then.



"Your Bank References are Excellent, Mr. Holby, and Your Character References are Impeccable—But Frankly You Look to Me Like a Crook"—Reprinted by special permission from LOOK Magazine.

In the meantime, may we suggest that you permit us to ship your requirements on a cash basis. You can earn a discount of per cent, which certainly gives you a much more substantial return than current interest rates.

If you will let us have your reply promptly, we can still get the goods to you in time for Saturday's business.

Your customers will certainly like the sheer beauty of this style, and you can depend upon its giving good service.

Yours very truly,

Collateral Security

A substantial proportion of bank loans are made on the basis of collateral security for the loan, rather than exclusively on the client's credit standing. Collateral security is also a factor in personal loans, and in mercantile installment credit. It does not commonly enter ordinary mercantile credit. The ordinary mercantile credit office is not equipped to deal with collateral security in the form of stocks, bonds, mortgages or assigned commercial paper. In two instances, however, collateral security is recognized and made a basis of ordinary mercantile credit extensions.

Third Party Surety

The one class of collateral security that can be introduced without excessive complication into mercantile credit procedure is the third-party surety or guarantor. A submarginal customer may become a good credit risk if another party with good credit standing will accept liability for the customer's debt should the customer himself fail to make payment. This third party may be a relative, wife or friend possessed of property. Or it

may be the sound parent of a weak subsidiary corporation, or the sound subsidiary of a weak parent corporation. Or the major supplier of an important promotional outlet may guaranty its accounts with other suppliers to whom it is not so important. Or an officer or major stockholder of a weak corporation may accept responsibility for its debts.

These third party undertakings may assume either of two forms. Under the more common, a credit man requires a weak customer to give promissory notes, with the third party's accommodation endorsement, for his purchases. If the customer fails to pay the note at maturity, the seller may protest the nonpayment and proceed against the third party upon his endorsement. The order form of third party undertaking is the separate contract of guaranty, under which the third party guarantees payment of the customer's account up to a stated maximum balance. Should the customer default, action lies against the guarantor on his contract. In each form of third party undertaking, the consideration for acceptance of the customer's liability by the third party is the sale by the supplier to the customer upon the specified credit terms.

Liens As Security

The other form of collateral security is the statutory lien upon land and structures thereon given by law in 20 states to suppliers of building materials used in building construction. In these states materialmen who supply a building contractor with his materials may obtain a lien upon any building into the construction of which their materials specifically enter, and upon the land on which such building is erected. This materialman's lien is superior to the principal contractor's lien upon the property.

Should the owner of the property fail to pay the principal contractor so that he in turn cannot pay his materialmen, or should the principal contractor be paid but fail to make his due payments to the materialmen, these latter can establish liens upon the property for the amounts owed to them.

In an additional 11 states, the materialmen do not obtain a direct lien upon the property, which may be had only by the principal contractor, but they may give written notice to the owner of their unpaid claims, and require him thereupon to retain such funds due the contractor as remain in his hands, and apply such funds to payment of the materialmen; upon his failure to do so, they have right of action against him or may secure a lien upon the property.

These legal rights may be of significant importance to the credit man of a firm that supplies materials to building contractors. Some of these contractors may be submarginal credit risks, yet they can safely be sold, provided care is taken to lay the proper foundation for a materialman's lien. To accomplish this, every contract with a business contractor should be so drawn that the materials are not sold in general terms to the contractor, but are sold to him for exclusive use on a particular property. This provision for specific application of materials is necessary, since the materialman's lien applies only when sale of materials is so made with reference to particular buildings. Furthermore, the credit man

would have to ascertain that the contract between the builder and the owner of the property did not preclude liens in the four or five jurisdictions where such clauses can block the materialman's lien. Upon failure of a contractor to make his due payments for materials, the supplier would, of course, have to follow the procedure prescribed by law in filing and establishing his lien upon the property.

"Slow Pay" Customers on a T.A. Basis

Where trade reports indicate that a customer, new or old, is substantially late in payments to a goodly proportion of his suppliers, and analysis of his financial statements shows that, while he is fundamentally sound, his working capital position is weak and he simply cannot avoid lateness in many of his payments, it is generally optimistic self-delusion for a credit man to hope that his firm will be a favored one and consistently receive prompt payments. He may as well recognize that payments on sales to such a customer will be slow in his case also. His realistic objective should be, not to obtain prompt payment, but to obtain certain payment in an extended period not longer than, or possibly slightly shorter than, that for other suppliers. This can often be done by arranging trade acceptance terms with the customer.

Despite all the advantages of the trade acceptances as an instrument of mercantile credit, it must be recognized that most customers view trade acceptance terms as a reflection on their credit standing, and resent any proposal to place them upon such terms, no matter how well warranted such proposal may be. The letter embodying the proposal must be a little masterpiece of diplomacy if the goodwill of a customer who is, after all, a good long-run risk, is not to be sacrificed. Like letters proposing "cash," C.O.D., or C.B.D. terms, previously discussed, it should flatter the self-esteem of the customer while pointing out the plain circumstances of his general delinquency in payments. A magnificent opportunity exists, however, for picturing the T.A. proposal as a minor return favor which the customer will grant in exchange for a major favor—extension of the terms of sale—which the seller proposes to grant. Thus if the customer is averaging 120 days in his payments, and the seller's regular terms are net 30, the letter might read, after the introductory discussion of the customer's slow payment record:

Our regular terms, as you know, are net 30. We recognize, however, that prompt payment in accordance with these regular terms might work temporarily hardship upon you. For the next few months, while you are restoring a more favorable working capital position, we wish to cooperate with you by allowing you a special 90-day term. Then, and not without some such introduction, would follow the proposal that the customer give trade acceptances on his invoices. This proposal should not appear to be a special requirement demanded of this particular customer, but as a general procedure followed by a group of customers.

In securing a trade acceptance from a slow-paying customer, a credit man reduces only slightly the long-

(Continued on page 24)

Cincinnati Has Definite Plans for Postwar Employment

CThe people of Cincinnati do not wish to be caught in an employment slump after V-E Day so they have formulated some quite aggressive and definite plans to keep their community in a prosperous condition after the European war is concluded and American industry is turned back to peace-time production.

Like every other great industrial center in the country, Cincinnati has known community problems of grave economic nature. In the 10 years starting with 1934 the city and Hamilton county, of which it is part, spent more than \$38,000,000 of public funds in direct relief, not including private charity.

This relief load reached its peak in 1935, when more than 36,000 families in the county were depending upon public charity for their very existence. Today Cincinnati is determined that its 50,000 men and women wearing the uniforms of the armed services shall not return to such conditions. It also is determined to continue at work in the community as many civilian employees of the present huge force of 225,000 as possible.

Plans Now for Future

To do this the community is planning now for high level, productive employment after the war. And in all of this planning it is made plain that Cincinnati's first task is to turn out its full share of the weapons and supplies needed to speed final victory.

This metropolis of Southwestern Ohio is accustomed to meeting big problems. The folks remember that time in 1937 when the Ohio River reached an all-time flood stage of 80 feet, 79.99 feet to be exact, since Cincinnati's expert craftsmen of the machine tool industry are accustomed to thinking in terms of small fractions of an inch.

Great as the flood problem was, it was handled very effectively by local organizations. Public utilities were continued, refugees were housed.

Flood Control Program

In the Cincinnati area alone, the flood caused damage of more than \$35,000,000 representing about 3 per cent of total assessed valuation. Elsewhere along the Ohio Valley property destruction was great and loss of life was heavy. So Cincinnati and other Ohio River towns set out to develop a flood control program to cost \$150,000,000 to \$200,000,000. Army engineers have attested the soundness of the project. It will go forward as manpower and federal funds become available.

A local project meantime will control floods in the Mill Creek Valley.

Just as the community plans in a big way to prevent repetition of its 1937 flood loss, so too it seeks now to guard against unemployment after victory. How does it plan to do this? The formula is simple, but one which any community may well adopt.

Cincinnati, like 2200 other communities in the country, has a local unit of the Committee for Economic Development. Heading the unit is Frederick V. Geier, president of the Cincinnati Milling Machine Co. Working in close cooperation with the Chamber of Commerce and other existing organizations, the C.E.D. is encouraging industrial and business managers to plan now to ease the employment problem which must be faced during the postwar transition.

Getting in the Facts Now

"Recognizing that planning precedes employment, we are asking our business and industrial leaders to get their postwar plans under way before the problem of transition is upon us," Mr. Geier said.

Business is responding to that appeal. It began by getting all the facts. The first step was to find out how many workers Cincinnati's larger business enterprises had in 1940, how many they were employing at the peak of war production, how many they hope to use after victory and what they consider a normal working force.

At the same time this datum was sought, employers were asked if their present operations included development of postwar plans. The question caused many employers to put postwar planning on their list of "must" activities.

As an indication of the thoroughness of Cincinnati's study is shown in a table presented herewith showing the number of jobs it hopes to have available in various fields of employment two years after victory, be that 1947 or any other year. This study was made by the Research Committee of the local C.E.D. unit.

275,738 Workers Available

The total available working force in Hamilton County in 1947 is estimated at 275,738. In the foregoing table that total is reduced by 9448, which is Hamilton County's share of an assumed postwar national military force of 2 million persons.

The estimate of 228,087 in the total number of jobs needed in Hamilton County in 1940 is based on the assumption that 43 per cent of the total population

would have been gainfully employed had there been a job for every person desiring employment. Actually about 190,000 persons normally were employed in the county at the end of that year.

But the study didn't stop there. More detail was sought.

Take construction, for example. Upwards of 800 business and industrial firms were asked to reveal their present and prospective construction programs. Nearly 300 replied. They made the following report of building projects:

Type of Construction	Industrial	Commercial	Total
Definitely planned.....	\$6,579,600	\$5,892,200	\$12,471,800
Under Consideration.....	4,199,500	3,513,500	7,713,000
Totals.....	10,779,100	9,405,700	20,184,800

Contractors estimated that each \$5,000 of expenditure for construction results in one man-year of employment. On this basis the building program indicated by the survey means 4037 man-years of employment. These figures are, of course, representative only of the larger companies and are far from complete.

But Cincinnati needs other construction; schools, sewers, playgrounds, highways, a dozen public projects. Some of these had been submitted over and over but the bond issues were defeated through lack of public understanding and a clause in the Ohio law which requires that at least 65 per cent of the voters shall approve such expenditure.

Bond Issues Approved

As part of its forward planning the community submitted not one but 12 bond issues on three separate ballots in November, 1944. In order to obtain public acceptance of this program, there was organized a Citizens Committee for Jobs and Progress. This committee successfully conducted a publicity campaign on behalf of the various projects. All passed, with approving votes ranging from 81 to 87 per cent. The same citizens who had voted down single small issues of bonds thus approved an expenditure of \$41,000,000. In addition there is \$3,000,000 available from a former bond issue for a new county home. Construction on these projects will start as manpower and materials become available.

The city's 34 technical and engineering societies, as well as other organizations, were asked to lend their aid in speeding postwar planning. For example, Citizens Planning Association joined with the Cincinnati Chapter of the Institute of Architects and the University of Cincinnati in sponsoring a course of study on "Our City of Tomorrow."

Other technical and engineering groups peered into the future for scientific discoveries which will contribute to high level employment after victory. For the whole community was eager to know more about transition period problems and to use that knowledge as a basis of solution. These studies have covered a wide variety of fields and topics.

Recognizing that small business must play a vital part in providing more jobs after victory, trade groups

took steps to focus the attention of such enterprises on the necessity of planning now to meet postwar conditions. Handbooks issued by C.E.D. were delivered to thousands of small merchants. Delivery was made in one case by a wholesale drug house, after all of its salesmen had been told of the importance of the project and had received instruction on the use of the handbooks.

Some retail groups were reached through their own trade associations. In one way or another business firms had the subject of postwar planning brought directly to the attention of "the boss" with a personal plea for his interest and action.

The retailers are now making a survey to determine how many jobs they may expect to provide after the war. When they have finished Cincinnati will have a complete set of detailed business statistics in this important field.

Some firms have gone well beyond the planning stage in looking into the future. One industry which had increased its employment from 2500 to upwards of 7500 between 1940 and 1943 found more than 90 per cent of its workers would like to remain with the company if assured postwar jobs. Today that company is setting up manufacturing and merchandising programs as the basis of postwar jobs for all of its present workers plus all of its service men and women who want employment when they are discharged.

Only 46 on Unemployment Rolls

Today Cincinnati has high level employment. The best proof is found in the number of persons receiving unemployment compensation in Hamilton County. In 1940, the first year for which full data can be given, an average of 5641 persons drew unemployment compensation benefits each week in the county. By 1941 the number had declined to an average of 3190. It rose slightly to 3664 in 1942 then plunged downward to 444 in 1943. In November of 1944 the weekly average was only 46, meaning that practically every man in Cincinnati who was ready, able and willing to work could find a job if he wanted one.

It is to continue such conditions after the war that the city looks ahead, and it isn't just philanthropy that prompts the city's planning. In many respects it's just plain common sense.

For thousands of families, white and colored, attracted by high war wages, have flocked to Cincinnati from nearby states and from the deep south. These workers have acquired rights under the Ohio unemployment compensation law. The benefits they will receive if idle in the postwar period because there are no jobs will be much higher than those paid in neighboring states.

Newcomers to Care For

There is a similar situation with respect to older workers who have stayed on their war jobs long after retirement would be expected. These workers now have established residence so that they may claim old age assistance in Ohio if they are in need after age 65. They know that Ohio's aid to the aged is three times

(Continued on page 26)

Credit Manuals for Salesmen

First of a Series of Reports on Fieldmen's Guides

CFM A member recently wrote to the Publications Department asking for a reference to articles in Credit and Financial Management on the general subject of Manuals on Credit issued to Salesmen. A thorough search of the editorial index back for a number of years brought out the rather startling fact that no article had been printed about this important subject, so we were unable to comply with the member's request. Hence the appeals which have been appearing in the February and March issues for copies of Salesmen's Credit Manuals as now used by NACM members.

Only those companies, of course, which have a large sales organization have use for a Salesmen's Credit Manual. However, as the importance of the credit department gains in recognition, management has used such means as a Salesmen's Guide, or Manual, to present its policy not only on sales activities, but also on the importance of Credit in the business picture.

Talon's Message to Salesmen

In a 15-page booklet, Talon, Inc., presents some interesting information for its sales staff under the heading of "Credit and Collection Manual for Salesmen." This booklet which was prepared by J. M. Buckelew, General Credit Manager, starts off with the following statement: "The purpose of this manual is to acquaint salesmen with a few of the fundamentals of credit practice and to encourage closer cooperation between the salesmen and creditmen."

"No salesman is to feel under any obligation or compulsion to gather and relay the information suggested in the pages to follow, but may regard it really as an optional activity resulting in a benefit not only to the individual salesman or creditmen, but to the entire organization."

Under the heading of new accounts, Mr. Buckelew presents the following suggestions as to how the salesman may help establish a new account on the books of the company: "The following data will very often result in establishing a line of credit considerably higher than that which might be assigned on the basis of less complete information, thereby increasing the sales possibilities." He suggests the following information.

Who are the officers?

What competition do they have?

Who are their other suppliers?

Capacity of plant (in dozens per week)?

Proportion TALON-equipped?

How many fasteners would be required to cover their monthly production?

Number of employees in the factory. Maximum —. Minimum —.

Estimated present value of merchandise inventory.

Condition of stock.

What kind and how much insurance do they carry?

Are they willing to give us a financial statement if we keep it confidential?

Was a financial statement blank left with them? Shall we send one?

Does the place of business appear to be neat? ()

Properly conducted (), Disorderly ().

Is your general impression of the place of business Good? Fair? Poor?

Is their principal line seasonal?

If so, indicate season(s).

Is any effort made to keep the plant busy on some other line during a slack period?

To what class of trade do they sell?

Terms applied to their sales?

To whom did you talk and what is your general impression of the person?

The Talon Manual also stresses the importance of giving the correct name and address of the customer. "Spelling is most important. We have had many cases where, through negligence, the name of a trade style was used rather than the legal title under which the account must be carried."

The Talon Credit Manual for salesmen also gives a complete discussion of terms of sale and just how they are applied on every order.

A chapter entitled "Credit Lines" indicates how a basis of credit is determined. Here Mr. Buckelew says "no simple answer can be given to these questions because there is no single factor upon which the granting of credit is determined. A more direct way of answering the questions is by listing, as follows, some of the factors which we take into consideration when deciding upon a risk (and he lists the following):

RELATING TO THE APPLICANT

1. Record for honest dealing.
2. Ability:
 - (a) Age and years of experience in the business.
 - (b) Shrewdness and common sense.
 - (c) Success in this line of business.
 - (d) Success in other lines of business.
3. Personal habits:
 - (a) Style of living.
 - (b) Gambling and excessive use of intoxicants.
 - (c) Other interests.

RELATING TO HIS BUSINESS

1. Financial statements.
 - (a) Ratio of Liquid Assets (Cash and Accounts Receivable) to Current Liabilities.
 - (b) Ratio of Current Assets to Current Liabilities.
 - (c) Ratio of Net Worth to Fixed Assets.
 - (d) Ratio of Net Worth to Total Debt.
 - (e) Turnover of Accounts Receivable.
 - (f) Turnover of Merchandise Inventory.
 - (g) Turnover of Working Capital.
 - (h) Percentage of Net Profit to Working Capital.
 - (i) Percentage of Net Profit to Net Sales.
2. Other factors:
 - (a) Nature of his competition.
 - (b) Condition of his business in regard to other businesses in the same line of activity.
 - (c) Capacity of plant (in dozens or items per week). Proportion. TALON-equipped.
 - (d) How many slide fasteners would be required to cover his MONTHLY production?
 - (e) Are costs of production and expenses in line?

Other chapters in the Manual cover such important items as correspondence, orders held for credit reasons, personal calls by credit men, sales helps through the use of credit facilities.

The Joseph & Feiss Co.—Cleveland

Ray E. Nylen, Assistant Treasurer of The Joseph & Feiss Co. of Clothcraft Clothes, Cleveland, Ohio, submits an interesting section of a general sales manual, which is both a general instruction to the sales force on the principles of credit and also instructions to the men in the field as to how they are expected to cooperate with the credit department on the general subjects of credit and collections with relation to their accounts. Mr. Nylen's general summary of the subject of credit after reviewing such subjects as credit analysis, financial statements, assets, liabilities, operating statements, expense budgets and sales statement, says: "There are of course many other factors to consider when an attempt is made to arrive at a credit decision, and to continue the analysis might prove confusing. If, after weighing all of the facts, the credit analyst decides that an account is not a safe credit risk, and then—because an investigation shows every other creditor checking the account—changes his decision on that fact alone, he is lacking on one of the absolutely essential qualifications of a credit man—that of independent thought and confidence in his own judgment. On the other hand, if he is unmoved in his decision by the contrary opinion of the entire market, it may be that he is overconfident of his own ability, or entirely too self-satisfied or hard headed.

"We try to follow this procedure:

"To discuss the account with others knowing it, whose judgment has been proven in other cases.

"To obtain additional facts, if possible, or find the error in the line of reasoning on which the tentative decision was reached; then, if justified, reverse the decision. Under no circumstances should one follow the trade opinion blindly—the habit is too easily formed and is one that is almost impossible to break.

"In these situations the salesman can be of material assistance. While it is appreciated that his primary objective should be toward sales concentration, he is in a position to obtain valuable information that is not readily obtainable through the usual credit channels. The following data, usually gathered by observation, will facilitate the handling of an order by the Credit Department and may result in establishing a line of credit considerably higher than might be assigned on the basis of less complete information, thereby increasing the sales possibilities:

1. What competition does the store have?
2. Who are the major suppliers?
3. Number of employees.
4. Estimated present value of inventory.
5. Condition of stock and is it up-to-date?
6. Approximate number of clothing units on hand.
7. Does the place of business appear to be neat?
8. How are windows trimmed?
9. Is merchandise well displayed?
10. What are your general impressions?
11. In your opinion, is the management competent?
12. What class of trade is the store trying to encourage?
13. How would you rate location? Poor—good—excellent. Main street—side street—outlying district.
14. If outlying district, how would you classify it?

To obtain the following additional data would necessitate direct questions, but if possible should be secured.

1. Who are the principals—their age, character, etc.?
2. What kind and how much insurance do they carry?
3. Are they willing to give us all necessary and financial information?
4. Was a statement blank left with them? Shall we send one?

"The Credit Department does not expect you to ask all of these questions, and our purpose in enumerating a few of the essentials is simply to give you an idea of the type of information that will be helpful to determine the status of the prospect as a credit risk."

Mr. Nylen concludes his instructions to salesmen as follows:

"Terms

"Terms are net 30 days EOM, or 1% 10 days from date of invoice.

"Credit Department Instruction

- "1. Seasonal dating may be granted when necessary, as follows:

FALL—Suits and Topcoats as September 1st. Bills due October 30th. Overcoats as October 1st. Bills due November 30th.

SPRING—Suits and Topcoats as March 1st. Bills due April 30th. Tropicals—Southern accounts as April 1st. Bills due May 30th. Tropicals—Extreme North as May 1st. Bills due June 30th.

"The Credit Department has the right to assign the terms under which a customer is to be sold, and to

"NOW WE'RE GETTING STILL MORE FROM OUR BURROUGHS MACHINES"

Businessmen, coping with changing accounting conditions and an increasing volume of work, are finding the flexibility of Burroughs machines an extremely important advantage. And Burroughs systems and installations men are giving them important help with their problems, thanks to the farsighted policies of the Burroughs organization.

These Burroughs men have had years of intensive training in machine accounting, and broad, diversified experience with all types of business enterprise. They have been working continuously with officers in the armed services, government officials and business executives—helping them make the fullest use of the equipment they now have . . . helping them adapt their machines to changing conditions.



1st
Burroughs
IN MACHINES
IN COUNSEL
IN SERVICE

Burroughs service men continue to provide the highest type of mechanical service—dependable in war just as before—to help keep Burroughs machines throughout the nation at top operating performance. The reference files of up-to-date machine accounting information maintained in all Burroughs offices are another service playing an important part in helping users get fullest use from their present Burroughs machines. For help in meeting *your* problems, call your local Burroughs office, or write Burroughs Adding Machine Company, Detroit 32, Michigan.

FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

Credit and Financial Management 19 May, 1945

change the terms as circumstances dictate, within the limits laid down by the management. Please do not permit yourself to become involved in discussions on Terms. Please think in our TERMS rather than seasonal accommodation. We are not academic in matters of this kind but bear in mind that additional time over and above our terms, such as paying over the season, is a temporary expedient and is granted with that only in mind. (All matters of this nature should be referred to the Credit Department for handling.) If customer requests special accommodations or different manner of payment, that request should be referred to the Credit Department for approval or rejection.

"2. Please total orders in units and insert number in space provided on order blank. (Dollars and cents total desirable, though not necessary.)

"3. Follow through on information given at time account was discussed and write Credit Department. This is very important.

"4. LIMITS—PLEASE DO NOT EXCEED COMMITMENTS PLACED ON ACCOUNTS WITHOUT CREDIT DEPARTMENT'S SANCTION.

"5. PROSPECTS:

a. Opinions expressed on yellow slips are subject to change, so use as a guide only. Final decision cannot be made until we have had opportunity to make complete investigation.

b. References—New Accounts.
Do not ask customer. Pick at random at least five major suppliers.

c. Location
Give opinion and advise its relation to other clothing and department stores.

d. Ability of Management.
If you have any knowledge, please express an opinion. If contact has been limited, give impressions.

6. "NEW BUSINESSES.

a. Same information as Prospects.

b. 50% cash required on all initial orders.
(Note: This requirement does not apply to new orders received from established stores.)

c. Cash payment will not assure acceptance. Final approval cannot be made until all necessary data has been accumulated. Allow one week to ten days to complete investigation.

Remarks:

"Thousands upon thousands of credit decisions are made without a full and complete statement of facts. We are attempting to establish in the minds of our customers that good credit practice requires that we have facts on which to base our decisions. By securing the necessary information we feel that we can be of material assistance to our customers by pointing out trends both good and bad, and suggesting ways and means to bring about a more favorable balance in their operations. It is a definite and integral part of our service and we want them to look to us for help if they so desire."

Majestic Wine & Spirits, Inc.

Samuel Chairnoff, Credit Manager of the Majestic Wine & Spirits, Inc., of Camden, New Jersey, issues instructions to his salesmen in the way of a mimeographed bulletin, which provides a concise report and definite information for the Credit Department. Perhaps the best way to report Mr. Chairnoff's instructions sheet is to present it in full:

"1—When you sell a customer for the first time, credit report must accompany your order, giving all the details you can possibly obtain that will assist the credit and branch manager in acting intelligently and promptly upon the order. No first orders will be shipped unless this report is turned in.

"2—In talking to a new customer he will usually tell you more or less about himself, his previous experience, and his business, and there is no harm in politely asking a few questions, and explaining that your house requires trade and bank references before opening a credit account. No good merchant will resent furnishing reasonable information about himself or his business in response to polite and explanatory questions. With your experience in the line, you can always come pretty close in estimating amount of stock, and value of fixtures.

"3—DON'T FILL THIS BLANK OUT IN THE PRESENCE OF THE CUSTOMER. Make notes on your order book, and complete this after leaving his place of business. In addition to the trade references he gives you, note other brands he carries and give the names of these firms as well. Every business man can give you three or four houses he pays promptly—firms he does not mention may provide more valuable information.

"4—You must write out the FULL NAME and address, and write it plainly. If the name is John Smith or Joseph Smith do not write it as J. Smith. If incorporated, get full corporate name. If a partnership, get full names of all partners. If a trade style is used give this, as well as individual name. THIS IS IMPORTANT.

"5—If the dealer has been established for some time at the location, state about how long in business, and if new where he was formerly located, and if not formerly in business elsewhere, what did he do previously and what experience has he had in his present line of business. State what you think of his present qualifications and prospects to conduct the business he is now engaged in successfully.

"6—Other interesting and important points of information to be noted and covered as far as possible:

Nationality, Age, Ability.

Character of neighborhood—tenement, residential, or suburban.

Conducts cash or credit business.

Number of help employed, and whether family helps.

High, moderate, or low rental. Find out rent, if possible.

Lives in store or in separate quarters.

Well kept or dirty store or business.

If cafeteria or restaurant is he owner or lessee.

Whether intelligent and close buyer, or careless and indifferent.



Kind of crowded in here

How much confusion in an office comes from business forms long since split at the seams?

Firms big and little operate with forms equal to times-as-they-were, but now costly, overlapping and unequipped to cope with a war economy.

Moore Business Forms, Inc., brings order out of this disorder. Moore studies the forms of your nine key operations, from purchasing to paying employees; combines, doubles up,

simplifies; then prints and ships all your requirements, from grocery sales-books to millions of continuous interleaved forms.

The nine companies listed below have long been under Moore ownership. Now they combine under the Moore name — the largest company of its kind in the world. The initiative and experience of nine companies are multiplied many times. Service is nation-wide, and available to the

corner store or the corporation with all its branches that stretch across the country.

The Moore representative, an expert in your own field, is ready to call on you now. Particularly to the essential war business, he comes with ideas to speed and canalize output. He speaks the language you know. For immediate information, get in touch with the nearest Moore division, as listed below, or its local office.

AMERICAN SALES BOOK CO., INC., NIAGARA FALLS; ELMIRA, N. Y.
PACIFIC MANIFOLDING BOOK CO., INC., EMERYVILLE; LOS ANGELES, CALIF.
GILMAN FANFOLD CORP., NIAGARA FALLS, N. Y.
COSBY-WIRTH MANIFOLD BOOK CO., MINNEAPOLIS, MINN.
MOORE RESEARCH & SERVICE CO., INC., NIAGARA FALLS, N. Y.
SOUTHERN BUSINESS SYSTEMS, INC., ORLANDO, FLA.

In Canada—Moore Business Forms, Ltd., succeeding Burt Business Forms, Ltd., Toronto;
Western Sales Book Co., Ltd., Winnipeg and Vancouver;
National Sales Check Book Co., Ltd., Montreal

MOORE BUSINESS FORMS, INC.

ADV. BY N. W. AYER

Corner or middle of block, single or double store.
Nature of competition, how many similar businesses.

How many chain stores nearby.

Whether business appears to be prosperous, or simply a struggle to pay the rent.

"7—In other words, get a complete picture of the buyer and the business you are opening up, and whether it looks like a reasonable credit risk, and whether you feel you can surely collect your bills when due.

"8—Do not place our goods in a store where you have any doubts or misgiving whatever about prompt payments, and do not ask us to trust a dealer or business that you would not risk your own money on yourself.

"9—It is highly important that you establish with the office a reputation for absolute reliability in your credit recommendations and reports, and also in your collection work. You must give this very important part of our business your close and constant attention. Not only in properly opening an account, but also by watching all your established accounts from signs of distress or changing conditions, such as

Business dropping off.

Too many new businesses opening up nearby.

Doing too much credit business, particularly in sections where industrial conditions are uncertain.

Inattention to business and frequent absence from store.

Leaving affairs in charge of others too much.

Owner inexperienced in line. Depends on poor class help.

Expenses for rent or help too heavy.

Difficulty in meeting payments when due.

Wastefulness. Ill Health. Change in neighborhood.

Checks protested. Domestic troubles.

Gambling or excessive drinking.

Living beyond means. Buying expensive cars.

Buying store equipments and not paying bills.

Behind the times. Old age or increasing infirmity.

Too much chain store competition, and the many other human failings or conditions that control ultimate failure or lack of success, including local industrial and business conditions, particularly strikes or closed plants, and sectional employment.

"10—Handling Credits and Collections calls for constant alertness, and we must largely rely upon your help and intelligent assistance day in and day out. There are two old but quite true axioms—"Eternal vigilance is the price of safety" and "Goods not paid for are only half sold."

"REMEMBER ALWAYS YOU ARE NOT MERELY A SALESMAN—YOU ARE A SALESMAN AND COLLECTOR. There is no division in this responsibility. Your record as a collector and credit man has just as important a bearing on your present and future status with us as your record of sales. In our organization every salesman is essentially his own credit manager, and our credit department is chiefly to assist you in increasing your sales and numbers of customers. Give them your hearty

cooperation. Know your accounts fully and intimately, and equip yourself to discuss them intelligently in detail on the commonsense business standards set forth here. Knowledge is power, and a careful study of your accounts will enable you to concentrate your selling effort on the right ones. Eliminate the poorer risks that consume your time, tie up our money, cause losses, but rarely contribute to your sales volume.

"ASK YOURSELF — 'WOULD YOU LEND THIS MAN ONE, TEN OR A HUNDRED DOLLARS OF YOUR OWN MONEY AND FEEL SURE YOU WOULD GET IT BACK WHEN DUE?'"

Other Manuals Received

The editors are indebted to W. F. Anderson, Division Credit Manager of General Mills, Inc., Chicago; R. E. Bentley, Credit Manager, Southern States Cooperative, Richmond, Virginia, and A. E. Johnson, Credit Manager of the M. J. B. Co., coffee, tea and rice dealers, San Francisco, for sending in copies of their salesmen's credit manuals.

Mr. Anderson of General Mills submits a copy of bulletins issued by Millers' National Federation under the general title of "Studies for Flour Salesmen," in which such subjects as "The Credit Problem," "Terms of Sale" and other similar discussions relating to the operations of the Credit Department are presented in an interesting manner. Apparently the Millers' National Federation has been doing an excellent job in advancing credits to its proper position in the business philosophy of its members.

R. E. Bentley of the Southern States Cooperative submitted two copies of credit hand books, one for District Managers and the other for Service Store Managers. This quotation from the foreword of Mr. Bentley's book for District Managers gives a hint of how the important subject of credit and collections are handled.

"You, in Distribution, and we, in Credit, have had many discussions during the past two and a half years with respect to all the fundamentals of credit and its control, and how it affects our position and the farmer owned organization for whom we are working.

"In the pages which follow, it is our intention to review some of those Credit principles which would make for stronger distribution in Southern States Cooperative, stronger private Agencies and stronger independent Cooperatives. And, at the same time, to strengthen the bond between distribution and credit through better understanding of mutual problems. Full cooperation and understanding between distribution and credit spells success."

In his credit manual for salesmen A. E. Johnson, Credit Manager of the M. J. B. Co. of San Francisco covered the routine for salesmen to follow throughout their business dealings with their customers. In this case the salesmen are used in a job of collecting from their customers and the instruction book is quite complete in covering every step to be taken.

Miss Florence E. Banks, Credit Manager of the Los Angeles Soap Co. of Los Angeles, California, in sending in a copy of the Credit Instructions as issued by her

corporation to the salesman said "that the use of several pages in the general salesman's instruction manual on credits is more for the sake of having things done correctly than as a matter of credit instruction. We have learned over a period of years that it is not necessary to burden men with a lot of stuff; they have enough to keep in mind; we teach them verbally what they need to know about credit."

However, the introduction to the division of the Salesmen's Manual as issued by the Los Angeles Soap Co. dealing with credits and collections has this to say:

"Before you read "Why A Credit Department" by Florence E. Banks, Credit Manager, and the instructions which follow it, we wish to say something about our Credit Department.

"Speaking in general, and not of our sales force in particular, some salesmen may be prone to feel that a Credit Department is the mortal enemy of the salesman. That just isn't so! The exact contrary is true, as has been learned by every salesman and sales manager who really works with, cooperates with and supports our Credit Department. The Credit Department is a constructive force and wishes to help you, not to hinder you, not to restrict your volume of sales. The Credit Department DOES help you. It helps you keep your accounts in good shape; it reminds you when an account is overdue; it functions efficiently in various ways to keep your accounts *salable*, to keep bills paid up so that more merchandise may be sold. Thus it is that the Credit Department *fosters* sales instead of *restricting* sales. Thus it is that the Credit Department is your friend.

"The Credit Department goes out of its way to serve you. The Credit Department does serve you—serves you well.

"Do your part. Cooperate. Reciprocate the friendship of the Department for you."

Among the items covered in the manual as prepared by Miss Banks (who by the way will be remembered by the members of the National Credit Women's Clubs as one



SWEAT . . .



BLOOD . . .



TEARS . .

must not be shed in vain

Wasted are sweat, blood and tears without the tangible products of industrial might. From production will come victory today . . . a more abundant life tomorrow. We in America have built the world's greatest industrial capacity . . . and we must guard it well. Insurance, in supplying this protection, is shielding America's most vital asset for peace or war.

Your U. S. F. & G. agent is familiar with wartime insurance problems, business and personal. For your protection, get in touch with him today; you'll find him listed in your 'phone book.

***"Consult your insurance agent or broker
as you would your doctor or lawyer"***

U.S.F.&G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

of the pioneers in that part of NACM activities) are the following:

1. Correct name. In sending in orders either for old or new customers, the most important factor is to have the order billed to the correct name of the individual or firm responsible for the payment of the bill.

2. The date of the billing should approximate the shipping date on all orders, as the date of the charge on our ledgers should be the date upon which the goods were shipped to the customer.

3. You are the eyes of the Credit Department. Branch house managers and their sales representatives must be our ears in the field. There are many things which you may hear concerning a customer, which should be passed along to this department, whether of good or bad repute. You know what the good ones are.

4. Collecting accounts. On the first of the month each branch manager is furnished with a list of the accounts in his territory that are overdue together with a letter of instructions, either from the home office or from the district branch under which he operates. The closer the accounts are paid up within regular terms, the more merchandise you will be able to sell, for the man who is owing you an overdue account is less apt to give you an order than the man whose account is kept laid up.

Among other subjects covered in Miss Bank's Credit Manual are instructions about handling an account when a customer sells out, when he makes an assignment, or goes into bankruptcy, also what to do under assignments, receiverships, how to handle post-dated checks, returned checks and assignments.

It is quite evident that at the Los Angeles Soap Co. as Salesmen's Comptroller G. Root says in the introduction to the Salesmen's Manual on the subject of Credit, that "the Credit Department is a constructive force and wishes to help you, not to hinder you, not to restrict your volume of sales."

Under the general head of "Instructions" is the following:

Credits & Collections

Note: This page is for Los Angeles and San Diego Division Salesmen only.

Instructions

ORDERS:

As we do not carry accounts under Trade Names unless such names are those of corporations or are registered, please obtain correct name and initials of all owners of stores from whom you take orders.

Also, please obtain correct street names and numbers, as postal authorities will not recognize street corners as addresses. Place postal zone numbers on orders for customers in zoned cities.

TERMS:

Inform all customers that if they wish to take advantage of discount, payments must reach our office in accordance with terms. NEVER GIVE SPECIAL TERMS TO ANY CUSTOMER.

NEW ACCOUNTS:

Form No. TX 370 must be attached to all orders from New Accounts. Do not GUESS at the information desired. Ask the customer. Do not write any credit information on order forms.

COLLECTIONS:

In accepting checks, be sure they are currently dated, correctly signed or endorsed and that the amounts are correct. DO NOT ACCEPT POST - DATED CHECKS—DO NOT ACCEPT CHECKS DRAWN ON BANKS LOCATED AT A DISTANCE—DO NOT GIVE ANY CHANGE BACK FOR A PERSONAL CHECK, NOT MORE THAN FIVE DOLLARS (\$5.00) ON A PAYROLL CHECK OF A RELIABLE CORPORATION.

Do not ever add anything to total on collection Form TX 72 except actual amount collected, plus any discount. Keep record of all collections made in book provided for that purpose.

TURN COLLECTIONS IN EACH DAY.

RECEIPTS:

Sign your full name, not merely initials, to all receipts for money collected.

Date all receipts and state if paid by cash or check.

Form No. TX 370

LOS ANGELES SOAP CO.

CREDIT INFORMATION

Name
Trade Name
Street Address
Town State
How long established
Line of Business
Suc. To
Former Address
Value Stock
Value Equipment
Other Assets
Owing on Stock
Owing on Equipment
Other Indeb.
Date
References:
Banks with
Signature

Credit Arrangements For Marginal Accounts

(Continued from page 14)

run risk attaching to the account. What he does accomplish is to improve his chances of collecting promptly at the conclusion of the extended term of sale, for most business men will arrange to meet a signed obligation when due whereas they might permit an open account to lag. And if the extended term is somewhat shorter than the period within which an open account would probably have been paid, a distinct collection gain is realized. Finally, instead of endangering the customer's goodwill by an exigent series of credit letters, the credit man has placed his firm in the favorable light of sympathetically cooperating with the customer in his temporary difficulty.

Millions In Bank Credit is Ready

Banking's new credit reservoirs—bank credit groups—already have set up supplementary sources of bank credit amounting to \$500,000,000 for postwar small business enterprise, it was revealed recently by Robert M. Hanes, Chairman of the Post-War Small Business Credit Commission of the American Bankers Association in a report to the banks of the country covering the progress of the Commission.

Suggested by the Commission last July as part of a 5-point plan of action for meeting credit needs in the reconversion and postwar periods, bank credit groups have sprung up in 27 districts of the nation, according to the report.

Many more such groups are now in the process of organization and it was estimated that the chartered banking system will provide a source of credit far in excess of \$600,000,000 through credit groups.

Bank credit groups, Mr. Hanes explained, have been formed to implement and augment existing sources of credit when and where local banks believe such a need may develop. They signify a third credit source within the banking system, with local banks and correspondent banks providing the primary and secondary sources of credit. There has been no widespread demand as yet upon bank credit groups, it was declared, because the amount of loan demand which has existed has been met by the individual banks either alone or in cooperation with their correspondents in larger cities.

Commenting on the bank credit group movement, Mr. Hanes declared that banking's action has fulfilled the pledge initiated last summer that "if the individual banks cannot grant the credit, the bankers pledge to stay with the applicant and see that he gets the money from some other bank or group of banks. American banking will see that small business lives and is



DO WHAT so many others have done to their satisfaction and profit. Get in touch with Commercial Credit. We're ready to help you finance the purchase of a business . . . or acquire interests of partners . . . or provide for expansion of your plant . . . or carry out any other logical business venture. Or . . .

If you need more cash in your regular business than you can get from present sources, you'll find that Commercial Credit is not handcuffed by time-worn thinking, rules and customs. Unlike old-line institutions, we're more interested in your profit potentials than in your current position.

What's more, we will not interfere with your management or restrict your operations in any way. You can use Commercial Credit money for as long as you need it, with no due dates or demand obligations hanging over your head. Write, wire or phone the nearest office listed below.

Commercial Financing Divisions: Baltimore, New York, Chicago, Los Angeles, San Francisco, Portland, Ore.

COMMERCIAL CREDIT COMPANY

Capital and Surplus More than \$65,000,000

BALTIMORE 2, MD.

FINANCING OFFICES IN OVER 100 PRINCIPAL CITIES OF UNITED STATES AND CANADA

given the opportunity to grow and prosper."

Reiterating the credit policy promulgated by the Commission, Mr. Hanes declared that "every competent man, firm or corporation in the United States that needs bank credit will get it if the money is to be used for some constructive purpose that will serve the private enterprise economy of this country."

Mr. Hanes asserted that these banks have put that policy into action in four additional ways: (1) applying the term loan to the needs of small business; (2) establishment of small business loan departments; (3) expansion of correspondent banking relationships; and (4) a program of education for banks and credit information for the public.

Citing these results as proof of banking's unity, Mr. Hanes declared, "Banking has the ability and the desire to meet the credit needs of private enterprise in this postwar period—and to meet them without Government guaranty or Government insurance."

Stressing the performance of individual banks, the report revealed that many banks have established small business loan departments to see that the varied needs of this type of enterprise receive specialized and expert attention. Smaller banks have designated experienced officers to handle this work.

Much progress has been made in adapting the term loan principle to the needs of small business, the report announced. These loans, op-

erating over periods of one to ten years, are tailor-made to fit the need of each particular enterprise. Encouraged by manuals, discussion groups and demonstration, banks of all sizes are making term loans in increasing numbers to small business enterprisers. Other forms of specialized credit such as field warehousing, accounts receivable and various types of consumer credit have been stressed by spokesmen for the Commission.

As for the results in the correspondent banking system, the report reveals that there has taken place a revitalization of correspondent banking. Where a local bank cannot extend either all or part of the credit needed, it is encouraged to use its correspondent banks to see that the money is made available, or an attempt is made to make the application suitable for bank consideration, according to Mr. Hanes. Banks in the larger cities have held meetings and forums to explain the handling of lending procedure and have given country banks an opportunity to obtain information regarding the policies of correspondent banks and the scope of their services. These meetings have provided for the exchange of ideas regarding effective ways in which banks can work together for the benefit of the community and business enterprise.

Commenting on education and publicity, the fifth phase of the Commission's outline of action, Mr. Hanes declared, "The story of banking's credit policy and program, particularly its provision for the com-

petent man, has caught the imagination of the American people as has not any other program sponsored by any group in recent years."

Cincinnati Has Plan

(Continued from page 16)

that paid in Kentucky, for example. Old age assistance continues so long as a man or woman lives, whereas unemployment compensation is paid for a matter of a few months.

In addition Cincinnati has a very liberal relief program. Its community chest was the nation's first. Its quotas are met, its service is efficient. One southern worker who was on relief prior to the war put it this way: "My relief check in Cincinnati is more than I ever earned during a like period while working full time in my own state."

Workers know this. That's why the majority of them may stay in Cincinnati after the war, whether they are employed or not.

Thus Cincinnati's planning for the postwar period is both humane and economically sound. Its citizens are determined to demonstrate that free enterprise accepts the challenge of postwar planning. That is why they are plunging so wholeheartedly into the task of providing high level, productive postwar employment.

They are planning now. With the aid of a favorable economic climate they will be ready to act effectively as need develops.

PRELIMINARY EMPLOYMENT, CINCINNATI AND HAMILTON COUNTY, YEAR V+2 (1947)

	Hamilton County Employment in 1940		ASSUMPTIONS That V+2 will be 1947; that we will lose half of our abnormal population gain; that 43% of the population will be in the labor force; that 95% of labor force will be employed		Increase in jobs required in 1947, over 1940
	Numbers	%	Numbers	%	
Population of Hamilton County	621,987	675,000
Total number of jobs needed	228,987	100.0	268,290	100.0	37,303
Manufacturing	77,517	33.8	92,669	34.8	15,152
Construction	12,316	5.4	15,822	5.9	3,506
Transportation, communication, and public utilities	18,698	8.2	19,633	7.4	935
Wholesale and retail trade	45,770	20.0	53,231	20.0	7,461
Finance, etc.	10,223	4.4	10,734	4.0	511
Business and repair service	4,987	2.2	5,600	2.2	613
Personal service	22,544	9.8	26,219	9.8	3,675
Amusements, etc.	2,408	1.1	2,801	1.1	393
Professional and related services	20,029	8.7	23,294	8.7	3,265
Government	7,673	3.4	8,924	3.4	1,251
Miscellaneous	6,822	3.0	7,163	2.7	341

Sales Are Steady, Inventories Down, Collections Gain

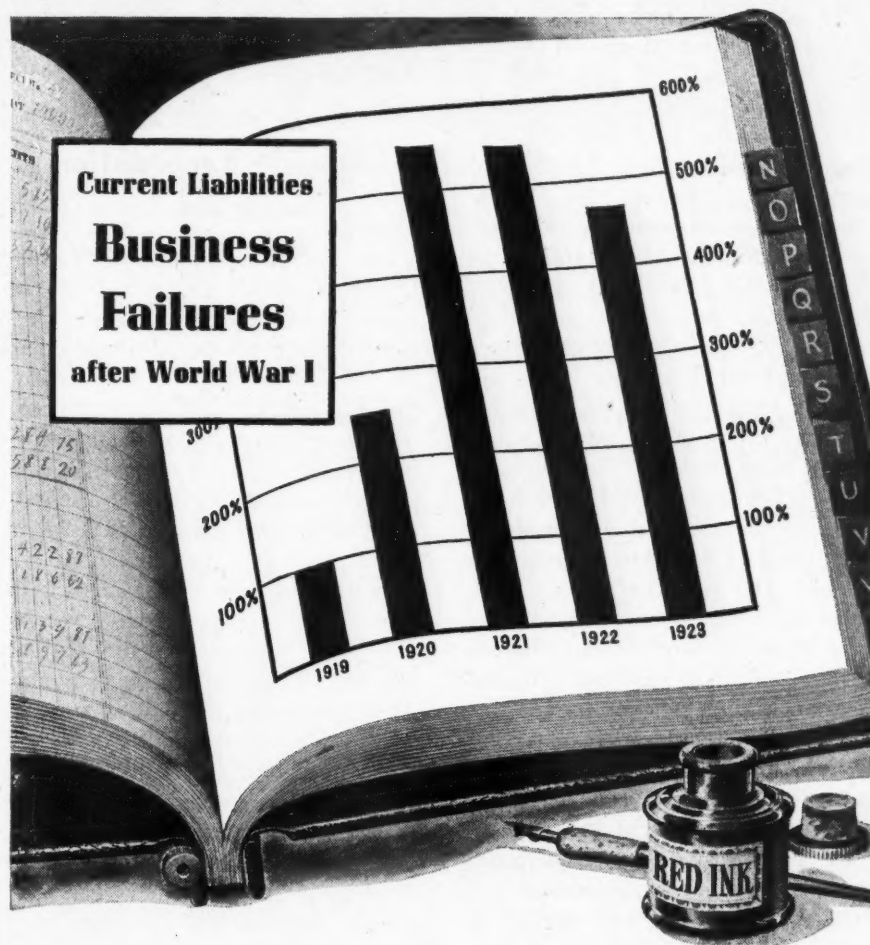
C Sales of wholesalers were approximately the same for February 1945, as for February 1944, according to an announcement released by J. C. Capt, Director of the Census. A 6 per cent decrease in sales was noted for February 1945, compared with the first month of 1945, and a 5 per cent increase was shown for the first 2 months of 1945 vs. the corresponding period of 1944. These data are based upon reports covering 2700 wholesale establishments. This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Of the 35 trades shown separately in this report, the wholesalers of automotive supplies showed the highest sales increase (21%) for February 1945 vs. February 1944. Wholesalers' sales were up 16 per cent for both shoes and other footwear and coal; 12 per cent, both liquor departments of other trades and paints and varnishes; and 11 per cent, both fresh fruits and vegetables and specialty lines of groceries and foods, except farm products. Sixteen trades showed sales off on a year-to-year comparison. Decreases were registered for beer wholesalers (8%), dairy and poultry products (9%), jewelry (11%), dry goods (12%), and meats and meat products (13%). Although the average seasonal sales change was a decrease of 6 per cent, increases occurred for wholesalers of shoes and other footwear (17%), liquor departments of other trades (9%), farm supplies (8%), electrical goods (7%), and paints and varnishes and jewelry (each 3%). Wholesalers of clothing and furnishings, except shoes, wholesalers of dry goods, and retailer-cooperative warehouses of groceries and foods registered the largest decreases—each 19 per cent.

Inventories Down 4%

Inventories, in terms of dollars based on cost values, at the close of

Do you face RED INK if history repeats?



Failures Multiplied after World War I. In just two years . . . from the 1919 level . . . current liabilities involved in commercial and industrial failures jumped 454%.

Will History Repeat? No one knows. Even now . . . upsets caused by unforeseen developments after goods are shipped may leave customers frozen . . . or worse. That's why manufacturers and wholesalers in over 150 lines of business now carry American Credit Insurance . . . and why you need it too.

American Credit Insurance **GUARANTEES PAYMENT** of your accounts receivable for goods shipped . . . pays you when your customers can't. Don't face the uncertain future unprotected. Write now for more information to: American Credit Indemnity Company of New York, Dept. 47, First National Bank Bldg., Baltimore 2, Md.



J. E. Fadden
PRESIDENT

**American
Credit Insurance**

**Pays You When
Your Customers Can't**

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

February 1945, were down 4 per cent from those of February 1944. Percentage changes varied, however, among the trades from a gain of 35 per cent for wines and liquors to a decrease of 45 per cent for wholesalers of meats and meat products. Substantial increases in stocks were reported for beer (20%) and automotive supplies (17%). Virtually no stock change was revealed, on the average, from January to February this year.

The stock-sales ratio for 1643 wholesalers was 121 for February 1945, 126 for February 1944, and 113 for January 1945. Wholesalers of drugs and sundries, with a slight (2%) sales increase for February 1945 vs. February 1944, and 4 per cent drop in stocks, showed a stock-sales ratio of 166 this February as against 176 for February 1944. Sales of confectionery wholesalers were down 8 per cent and inventories were off 24 per cent, reflected in a stock-sales ratio of 65 for this February, compared with 82 a year earlier. For February 1945, wholesalers of tobacco and its products reported a 9 per cent decrease in dollar volume and a 13 per cent decrease in inventories, resulting in a stock-sales ratio of 54 as against 58 in February 1944.

Collections Show Gains

Collections on accounts receivable were slightly (3%) higher for February 1945, than for February 1944, and 5 per cent under those for January 1945. The collection percentage for February 1945 was 123; for February 1944, 120; and for January 1945, 130. Accounts receivable were virtually the same on February 1, 1945, as on February 1, 1944, and at the beginning of this February the amount of outstandings was up slightly (2%) over the amount of outstandings recorded on January 1, 1945.

Eliminates Statements

(Continued from page 9)

particularly to customers' accounts. are often caught by having the customer detect such errors on the statement. We have overcome this objection by sending reminders to our customers calling their attention promptly to all past due invoices.

By no means do we imply that we pioneered in this undertaking.

Other articles have been devoted to it. Our object is only to impress again that there are really only a small percentage of firms which make use of the monthly statements they receive. Our experience bears this out.

Against Recordation

(Continued from page 11)

where the principal office of the customer is actually located. On the other hand, if the credit agency reports that a notice has been filed, the credit man will have to follow this up with his own investigation.

It is my conclusion that a recordation statute as a credit-checking device is something that is theoretically attractive but breaks down in actual practice. The number of situations in which credit men have lost money because accounts receivable were assigned in the regular course of business is picayune. There may be situations where accounts were fraudulently assigned and a credit man has taken a loss, but if we are trying to avoid the effects of fraud by this type of legislation, we might as well stop here. A fraudulent customer can get around the best type of statute. He could drive through a recordation statute with a truck and six horses.

Clearing House Proposed

A plan which seems to me to have much greater possibilities for the protection of credit men is one that was suggested as much as six years ago by Henry H. Heimann, executive manager of the National Association of Credit Men, but on which no action was taken at the time. The idea he proposed for consideration was based upon the establishment of a central clearing house, which would maintain a record of the names of all business concerns that assign accounts receivable. The information would be supplied by banks, factors, and finance companies throughout the country, who would inform the clearing house promptly and currently of the names and addresses of their various clients who assign accounts receivable to them. Members of the state Credit Men's Associations would be entitled to inquire from the clearing house regarding any particular name and would receive a "Yes" or

"No" answer as to whether the subject is assigning accounts receivable. No further information would be divulged, and the operating expenses of the clearing house would be met by a moderate charge for each inquiry made. The clearing house would be operated as an adjunct of the National Association and would be located either in New York or some centrally located city.

This proposal has several advantages over the state recordation statutes. In the first place, there would be only one central office to which inquiries would be directed, instead of the multiplicity of recording offices, as is the case under the recordation statutes. Furthermore, the clearing house would have a nation-wide application and its coverage would not be restricted to the six states where recordation statutes have been enacted.

This proposal is now the subject of considerable study on the part of credit men. It has been approved in its tentative form by representatives of factoring organizations doing an annual volume of over \$1,500,000, and it has also had a most favorable reaction from various finance companies whose volume is likewise substantial. The indications, therefore, are that this plan may be developed to a point where it can offer credit men all of the advantages which a recordation system is expected to produce, without the inadequacies and inequities of recordation statutes. It is hoped that in the very near future a complete program will be announced for general consideration.

* Validation statutes have been enacted in Main (1945); New Hampshire (1945); Massachusetts (1945); Connecticut (1943); Rhode Island (1943); Maryland (1943); Virginia (1944); Illinois (1943); Indiana (1945); Arkansas (1945); South Dakota (1945); Oregon (1945).

Recordation statutes have been enacted in Ohio (1941); Missouri (1943); California (1943); Idaho (1945); North Carolina (1945); Utah (1945).

Book-marking statutes have been enacted in Pennsylvania (1941); Georgia (1943).

Pittsburghers Hear About Interim Financing Plans

Pittsburgh: Charles W. Gratsley, District Loan Agent, Smaller War Plants Corporation, was the speaker at the February 6 luncheon of the Credit Association of Western Pennsylvania. This was the first in a series of five talks on current business problems. Mr. Gratsley spoke on "Interim Financing and Partial Payment of Terminated Contracts."

NEWS ABOUT CREDIT MATTERS

A section devoted to
Credit Association affairs

May, 1945

Copy deadline
10th of Month

400 Members at 49th Dinner of Chicago A.C.M.

Chicago: Celebrating its 49th annual dinner, more than 400 members and guests of The Chicago Association of Credit Men gathered in the main dining room of the Merchants and Manufacturers Club in the Merchandise Mart, Wednesday evening, April 18.

C. L. Holman, Wilson Brothers, President of the Association, presided. Seated at the speakers' table were the officers of the Association and a group of distinguished guests. Following the dinner, President Holman announced the election of the following officers for the coming year, members of the Association having cast their ballots at the Association offices during the day:

President, H. H. Faulstich, First National Bank of Chicago.

First Vice-President, Clifford W. Dittmar, Crane Company.

Second Vice-President, R. L. Seaman, the Florsheim Shoe Company.

Treasurer, J. E. Walsh, Oscar Mayer & Company.

"Business Looks Forward" was the subject of a symposium presented by three leaders in the business world, Howard R. Roberts, General Sales Manager, Deepfreeze Division, Motor Products Corporation, on "Frozen Foods," Roy C. Ingersoll, President, Ingersoll Steel & Disc Division, Borg-Warner Corporation, on "Heavy Industry Production" and Clyde O. Bedell, Advertising and Sales Promotion Counselor, on "Merchandise Distribution."

Chicago Foreign Group Hears Woman Librarian

Chicago: Miss Eloise Requa, director of the Library of International Relations in Chicago, the only one of its kind in the country, was the guest speaker at the annual ladies' night dinner of the Foreign Trade Division of The Chicago Association of Credit Men in the main dining room of the Merchants and Manufacturers Club in the Merchandise Mart, Friday evening, March 23. Her subject was, "Interesting People I Have Met." A sound motion picture in technicolor, "The Amazon Awakens," was greatly enjoyed.

Par Clearance Law Passed in Nebraska, Signed by Governor

Business Executives Praise Seattle Talk By Henry H. Heimann

Seattle: The largest meeting in the history of the Seattle Association was held on March 19 when Henry H. Heimann delivered an important address on "Problems Facing Business after the War." More than 600 of the leading financial and business executives were present to hear this important address on the economics of the post-war period. Many favorable comments on the address and the meeting indicate that this was an important prestige builder for the Seattle Association.

At the April 16 meeting Dean Howard H. Preston of the University of Washington analyzed the Bretton Woods Proposals. Senator Forbus also made an important talk on "New Laws Affecting the Credit Manager." During the 1945 Legislative Session Senator Forbus held the important position of Chairman of the Senate Judiciary Committee and as such was an enthusiastic supporter for the bill providing for recordation of assignments of accounts receivable.

Louisville C.M.A. to Elect on May 23rd

Louisville: The annual meeting and election of officers of the Louisville Credit Men's Association will be held on May 23 in the Terrace Room of the Kentucky Hotel. Louis J. Albert of Cleveland, author and world traveler, will speak on "Blue Print for World Conquest."

The April 6 bulletin of the Louisville Association shows that during March 18 new members were added with a total membership on April 1 of 852. During the month of March the Association staff contacted 137 members and weekly staff meetings were held to discuss Association and Membership problems. During the month of March the Association supplied 2487 Interchange Reports.

New Statute Similar To Iowa Law Requiring All Banks to Pay Checks At Par

A par clearance law patterned after the one enacted in Iowa two years ago has just been passed by the Nebraska Legislature and signed by the Governor. This law requires that checks drawn on all banks in Nebraska shall be paid at par.

Enactment of this statute was brought about by a Nebraska Committee for Par Payment of Checks. Gus P. Horn, Executive Secretary of the Omaha Association of Credit Men, was one of the prime movers back of this piece of legislation and deserves hearty applause from all credit men. His committee was composed of members of the Omaha and Lincoln Associations as well as representatives of Chambers of Commerce and business men's organizations throughout the State of Nebraska.

The success of the Nebraska committee came after a long, hard fight. The first hearing on this bill was late in February when the Bank Committee of the Nebraska Legislature decided by vote of five to three that the bill be advanced to the general file. There was another hearing before the legislature when it came up for consideration in the selective file and on the third reading a legislative majority of 22 or more votes were required. More than this number were recorded in favor of the passage of the bill on final roll call.

Credit men in states who were unsuccessful in obtaining par clearance legislation this year undoubtedly will take courage from the results obtained in Nebraska and renew their efforts in the next session of their several states' legislatures. The history of the effort in favor of par clearance this year indicates that the first step which must be taken is before the legislative committee to which such bills are usually referred. Those legislators who have affiliations with national banks are generally in favor of par clearance legislation. Experience in this year's effort shows that most of the opposition comes from legislators who are affiliated with banks operating under state charters.

Earl N. Felio Heads Slate Proposed for New York C.M.A.

New York: The nominations committee of the New York Credit Men's Association has presented the following slate of officers to be balloted upon by this organization on May 3 for the year starting June 1, 1945:

Earl N. Felio, Colgate-Palmolive-Peet Company, President; H. P. Reader, Cannon Mills, Inc., First Vice-President; L. D. Duncan, National Distillers Products Corp., Vice-President; F. J. O'Connor, H. A. Caesar & Company, Vice-President; F. W. Zander, United States Plywood Corporation, Vice-President; E. W. Moon, Jr., Otis Elevator Company, Treasurer.

In addition the above officers 10 members of the Board of Directors for two years and two members of the Board of Directors to fill vacancies for one year were scheduled for election on the third day of May.

N. Y. Credit Women Raise Red Cross Fund

New York: At the annual meeting of the Credit Women's Group of the New York Credit Men's Association held at the Fifth Avenue Hotel on April 17, Miss Julia McCauley of William Iselin & Co., Inc., was elected President for the ensuing year. Other officers elected for the 1945-1946 season were: Miss Ann M. Clayman, of David Leonard-Levine Co., Vice-President; Miss Marian R. McSherry, of Schenley Distillers Corp., Secretary, and Mrs. M. Gerstanzang Raymond, of L. & D. Beilinson, Inc., Treasurer.

It was announced at the annual election meeting that the Credit Women's Group has raised a total of \$4,204 for the Red Cross.

Philadelphia: Mrs. Martha Fisher, All Weather Products Co., has been elected President of the Philadelphia Credit Women's Club for the ensuing year at a meeting of the officers and members of the Board of Directors held at the home of the retiring President, Mary Pearson. Miss Lyzabeth M. Klinger of the staff of the Credit Men's Association of Eastern Pennsylvania, who has served as Secretary of the Credit Women's Club for the past 10 years, was presented with a beautiful gold pin.

At the meeting of the club on April 12 Miss Marie Ferguson, Secretary of the National Credit Women's Executive Committee and a member of the staff of the National Association of Credit Men, gave an interesting talk on the development of Credit Women's Clubs in NACM.

Bobby Hunter Is Honored as She Quits Her Job



Detroit: John A. Markley, President of the Detroit Association of Credit Men, presided at a luncheon given on March 29 at Hotel Statler in honor of Mrs. B. T. Hunter of the Eaton-Clark Co., who has retired from active credit work and will join her husband in Kentucky. Mrs. Hunter (known to hundreds in NACM as Bobby Hunter) has been connected with the Eaton-Clark Co. for the past 18 years.

In the picture above Mrs. Hunter is shown with R. W. Clark (on her right), who is chairman of the Board of Directors of the Eaton-Clark Co., and R. C. Hedke, Vice-President and General Manager. The picture was taken at another party given for Mrs. Hunter on March 23 which was attended by employees of her company.

Still another farewell party was given by the Credit Women's Club on March 20 at the home of Mrs. Alta Robinson. Mrs. Hunter was National Chairman of the Credit Women's Executive Committee in 1942 and 1943.

Utica: The March meeting of the Credit Women of Utica was held at the Morris coffee shop. Cecelia Lindacher and Frances Kolwaite were in charge of the meeting. The guest speaker was Bert Channer who is the official representative of the Veterans' Agency of the USES in Utica. His talk was on the rehabilitation of the returning war veterans and should be of interest to all, either as an individual or as a company representative.

"When our boys return home their problems will be entirely different from those prior to their service. Business must be trained to use the changed man who has come back," was Mr. Channer's advice.

Milwaukee: At the annual election of officers of the Milwaukee Wholesale Credit Women's Club, Tuesday, March 20, 1945, the following were elected to office: President, Helen Dors, Knudten Brothers; Vice-President, Irene Harris, McKesson-Robbins, Inc.; Secretary, Hilda Henning, Wadhams Oil Co.; Treasurer, Myrtle Hayburn, Wisconsin Magneto Co.

Mr. K. A. Albrecht, Manager of the Local Social Security Board, spoke to the group . . . explaining the Act and answering questions.

Oklahoma City: Ann Russel, Research Institute of America, was elected president of the Wholesale Credit Women's Club of Oklahoma City at the annual election March 22, 1945. Other officers elected were Vera Hambly, Wilson and Company, Vice-President; Ada Golden, Fidelity National Bank, Secretary, and Sue McCarty, Scrivner Stevens Company, Treasurer.

M. D. Pemberton, Secretary-Manager, Oklahoma Wholesale Credit Men's Association, was made an honorary member of the club and presented with a beautiful scroll and a gift in recognition of his help in assisting the club in organization and planning.

St. Paul: On Thursday, April 12, the St. Paul Credit Women's Club was host to the directors of the St. Paul Assn. of Credit Men and the Minneapolis Wholesale Credit Women's Club at the monthly Dinner Meeting. Mrs. Ralph T. Denison, who spent 12 years in Yokohama and Tokyo, Japan, as instructor and supervisor to 200 Japanese high school girls, spoke on "Women at War in Japan," a mighty enlightening and interesting talk, very much enjoyed by members and guests.

Birmingham: At the April meeting of the Wholesale Credit Women's Club the following officers were elected for the year: President, Miss Loraine Day, Lawson Auto Parts; Vice-President, Mrs. Pat Carter, Standard Brands, Inc.; Treasurer, Mrs. Lydia Box, Auto Service Company; Secretary, Miss Dell Hart, Melrose Creamery Company.

Minneapolis: "Free Speech—A Challenge of Democracy," was the subject on which Charles A. Sawyer, Assistant City Attorney of Minneapolis, addressed the Minneapolis Wholesale Credit Women's Club, April 10, at the Y. M. C. A. During the business session, an election of officers was held and a proposed amendment to the Constitution was unanimously adopted by the group. An announcement by the Chairman of the Education Committee was made in regard to the Scholarship Examination.

Chicago: D. R. Pershing, credit and office manager of the Dixie Cup Company, was the guest speaker at the regular monthly dinner meeting of the Credit Women's Club of Chicago in the ballroom of the Lawson Y.M.C.A. Tuesday evening, April 10. His subject was, "Intangibles of Credit Management."

Mr. Pershing is a member of the Adjustment Bureau Committee of The Chicago Association of Credit Men and was one of the speakers in the course in Credits and Collections conducted under the direction of the Educational Committee of the Association last fall.

Chicago "C" Men Urge Recording Law in Illinois

Chicago: Continuing its campaign for the filing of a public notice of an Assignment of Accounts Receivable or the intention to assign, members of the Legislative Committee of The Chicago Association of Credit Men as directed by the Board of Directors of the Association, appeared before the Judiciary Committee of the Senate of the Illinois General Assembly at Springfield in support of Senate Bill 196 introduced by Senator Norman C. Barry of Chicago, representing the 21st Senatorial District.

Senate Bill 196 follows in general the principle of public notification as required in California, Missouri and Ohio. Letters to the Committee from various financial and business institutions in these states declare that the public notification is of unquestioned benefit to credit executives and is well received by businessmen in general.

Senator Barry's bill is a very simple one and requires that when there is an assignment of accounts receivable or an intention to assign, either the assignor or the assignee must file a notice with the recorder of deeds in the county in which the assignor's principal place of business is located, giving the names and addresses of the assignor and the assignee.

The provisions of the act do not apply to assignments for the general benefit of the assignor's creditors, assignments by way of sale without recourse, assignments of interests in conditional sales contracts, leases of personal property containing rights of purchase, chattel mortgages or casualty or life insurance policies, assignments of judgments or assignments of wages or salaries.

Elmira "C" Men Plan Association Activity

Elmira: A reorganization meeting of the Elmira Association of Credit Men was held Wednesday evening, April 11, at the Mark Twain Hotel in Elmira, which was conducted by E. E. Bisbing, American LeFrance Foamite Corp., president of the Association.

While this Association has been pretty much inactive for awhile, with the enthusiastic group of approximately 65 assembled to hear David A. Weir, who was the feature speaker of the evening, there is no question about a lively aggressive Association being built up at Elmira.

Representatives from the Triple Cities Association and the Syracuse Association of Credit Men were present, and short talks were given by several, including Bess Havens, Secretary of Triple Cities Association; F. Clifford Heath, National Director of District No. 2, as well as Emery Strachen, Mayor of Elmira.

Seek Sustaining Members from N. Y.'s Adjustment Bureau

New York: The recent formation of a separate membership corporation to finance and operate the Adjustment Bureau of the New York Credit Men's Association, is meeting with success. During the period while practically no adjustment or bankruptcy cases are being received, H. P. Reader of Cannon Mills, Inc., president of the New York Credit Men's Adjustment Bureau, Inc., has appointed a membership committee headed by A. James Mill of Mill Factors Corporation, which will procure new sustaining members to carry on the personnel of Bureau until conditions change and the services of the Bureau are again vitally needed.

Credit Men's Fraternity Plans Big Program

New York: President Ed Hunter of the Credit Men's Fraternity, Inc., has submitted to the directors a broad program of postwar action. Under the plan, each director will be charged with activity or research in connection with some project having for its objective the relief or placement of unemployed credit personnel. The projects being considered are: advertising program, aptitude tests, contacts with employment agencies, establishment of small businesses for unemployed credit executives, special treatment for ex-service men, possibility of making the movement a national one, etc. Since January, Credit Men's Fraternity, Inc., has placed nine credit executives in good-paying, permanent positions, at no cost to applicant or employer.

New York Credit Men Plan for Golf Meet

New York: While conferences and conventions are, of course, taboo, the New York Credit Men's Association is considering the holding of a day of golf and relaxation for its members during July. This, being a local function which members can attend without strain upon transportation, it is believed that many of those members who have been confined to their homes and offices will take advantage of the opportunity to attend.

Morris S. Bercow Is Named Secretary

New York: Election of Morris S. Bercow as secretary of Century Ribbon Mills, Inc., and its wholly owned subsidiary, Century Factors, Inc., New York, has been announced. He has been an active member of New York Credit Men's Association since 1920, having served on various committees.

New York State "C" Men Check on Much Legislation

A report upon the recent session of the New York State Legislature has been prepared and made available for members by the New York Credit Men's Association. Almost 4500 bills were introduced in the three-month session and were reviewed by the local Legislative, Tax and Insurance Committees, all working in conjunction with the Central Legislative Committee, headed by Irwin H. Raunick of the Fairmount Creamery Co., Buffalo, N. Y.

While, due to war conditions, the Legislature paid most of its attention to matters bearing upon war conditions, social legislation and emergency matters, a number of important bills affecting business and credit were introduced.

New York has now adopted a bill which provides a complicated method of unemployment tax credits based upon a number of experience factors and size of the State Fund each year. Benefits to workers have been substantially increased. The employer interests, who proposed and backed a pure experience rating statute, openly expressed dissatisfaction with the "compromise" bill, while others seem to feel that it is, nevertheless, a start in the direction of possible reduction of tax to a large percentage of the employers of New York State.

While the Association took no active position on the Anti-Discrimination Employment Bill which has been passed and signed in New York State, the Association has requested all employers, executives and department heads to study it, because of its wide effect upon every department and phase of business activity. It takes effect in New York State on July 1, 1945.

Among other bills of interest passed, was one which affects any non-New York corporation which does any interstate business in New York. Under this bill, the Secretary of State of New York is automatically designated to receive service of process in legal actions against such non-resident corporations, if it can be proven that they do any interstate business in and through the State of New York.

Legal actions against partnerships may also be brought in the partnership name, in addition to actions against the individual partners as heretofore.

Corporations may now pay dividends on preferred stock out of net profits if there is no impairment of the capital represented by that stock.

The rights of material men who supply goods on construction projects in the State of New York have been materially strengthened by a bill which clarifies the procedure and permits direct access to payment bonds.

Wm. E. Vollmer Is Named President By Philadelphians

Philadelphia: At the fiftieth annual dinner meeting of The Credit Men's Association of Eastern Pennsylvania, held on April 26, at McCallister's, Philadelphia, William E. Vollmer, Assistant Vice-President of SKF Industries, Inc., was elected President for the ensuing year. He has been identified with the Association for a number of years as chairman of several committees, later as a director and officer of the Association, and has been particularly interested in membership activities and plans for a substantial increase during the year.

Other officers elected were:

First Vice-President, Wm. Stockton, Credit Manager, The Atlantic Refining Co.

Second Vice-President, Clarence E. Wolfinger, Credit Manager, Lit Brothers.

Third Vice-President, Edwin I. Atlee, Jr., Secretary, I-T-E Circuit Breaker Co.

Fourth Vice-President, Morgan F. Moore, Assistant Treasurer, James S. Kemper & Co.

Following the dinner the group was addressed by Dr. William A. Irwin, Economist of the American Bankers Association, who outlined in some detail "Proposed New Economic Patterns" which may be expected in the postwar period.

Insurance Forum Is Popular at St. Louis

St. Louis: The April Forum meeting of the St. Louis Association of Credit Men was under the sponsorship and direction of the Insurance Advisory Council. The principal speaker was Mr. J. Dillard Hall of Baltimore. A quiz program, part written and part oral, was participated in by the members, and prizes of a War Bond and War Stamps were contributed by members of the Casualty and Surety Association.

It was the best attended Forum meeting of the season, and brought together credit and insurance executives in what one of the speakers referred to as the 4th "C"—Coverage.

New York CMA Issues Membership Roster

New York: A new directory of members, combined with a handbook of information, has just been published by the New York Credit Men's Association, the first in several years. It is a 332-page volume, with upwards of 3000 Association members alphabetically listed with telephone numbers, and are arranged in the latter part of the book again, under trade or nature of profession. The handbook also contains a complete listing of Association services and activities, as well as application blanks for new members.

Credit Career

Antoinette Rehauer, 18th president of the Credit Women's Club of Chicago, has been an avid and consistent student of credit. She completed the requirements for the Junior and Senior certificates of the National Institute of Credit. She did not stop there, however, but has continued to enrich her mind and experience with sundry courses in writing, public speaking, and public relations.



All of this endeavor has been appreciated and recognized by her employer, the Peerless Confection Company, whose valued associate she has been for twenty-three years. Her crowning recognition came in 1944 when she was accepted into the official family as Assistant Secretary of the corporation. Her ability to lead, co-ordinate, and inspire, and her indefatigable capacity for work has made her an outstanding president of the Chicago Women's Club.

Ten Past Presidents At Bridgeport Dinner

Bridgeport: The annual meeting and election of officers of the Bridgeport Association were held on April 11 at the Stratfield Hotel. It was also Past Presidents' night, and 10 of the living past presidents were present as guests of the Association. They were honored by a presentation of a gift on the part of the Association and responded with reminiscences of their respective periods in office. The new officers elected for the ensuing year are: President, Harry H. Snyder; Vice-President, Clarence Kemp; Treasurer, Anna May Dean, and Secretary, Clifton A. Porter.

President Simpson Is Chattanooga Speaker

Chattanooga: Robert L. Simpson of New Orleans, National President of N.A.C.M., was the speaker at the April meeting of the Chattanooga Association of Credit Men. The subject of his talk was "Looking Forward with the Credit Executive." The meeting was largely attended.

W. W. Roberts, Vice-Chairman of the Membership Committee, introduced the new members and guests. C. Callaway, Jr., Chairman, Membership Committee, gave an outline of his membership program for the coming year.

The entertainment program, in charge of E. R. Cullis, was unusually good and enjoyed by all.

100 New Members Are "Inducted" at Chicago ACM Dinner

Chicago: Another very enjoyable dinner meeting for new members of the Association was given by The Chicago Association of Credit Men in the main dining room of the Merchants and Manufacturers Club in the Merchandise Mart, Wednesday evening, April 4. More than a hundred new members and officers and directors of the Association were present.

C. L. Holman, Wilson Brothers, President of the Association, was presented by R. L. Seaman, the Florsheim Shoe Company, chairman of the Membership Committee, who presided, and gave the new members a very hearty welcome to the Association, urging them to take an active part in the Association work.

A sound motion picture in technicolor on the new "Pan American Highway" proved most interesting and was followed by the Association's recently developed visual presentation in colors of the accomplishments of the National and Chicago Associations of Credit Men during the past half century.

Free Counsel Given Service Men By Chicago Committee

Chicago: Free counsel service is being offered to war veterans returning to civilian life who plan to go into business for themselves by The Chicago Association of Credit Men through the War Veterans Advisory Committee of which J. W. Heylman, New Jersey Zinc Sales Company, is chairman.

This committee is working in cooperation with a Committee of the American Bankers' Association in discussing the problems of the veterans who wish to make loans under the terms of the "G.I. Bill of Rights." At a recent meeting representatives of all the banks in the Chicago area were present and Acting Secretary-Manager James S. Cox and Carl Allen, secretary of the War Veterans Advisory Committee, explained the part the Association is doing. They have also represented the Association at meetings with committees of other organizations.

The Association prepared and distributed several thousand notices in attractive colors giving notice to the veterans that the members of the Association stand ready and willing to give them all the assistance possible. These have been distributed by the veterans' organizations, the Veterans Administration at Hines and in cooperation with the Governor's Committee on Veterans Rehabilitation and Employment sponsored by Governor Dwight H. Green, himself a veteran of World War I.

Cement Group Holds National Conference At Cincinnati Hotel

Cincinnati: The annual conference of the National Cement Group was held here on April 27 and 28 at the Netherlands Hotel. John Quincy Adams, President of the Youngstown Association and Chairman of the Central Division of the Cement Group, presided at the conference. Credit problems relating to post-war sales were discussed from various angles during this important two-day conference, which was attended by representatives of most of the larger cement manufacturing corporations in the country.

Real Campaign Boosts Section Interest for Cincinnati Association

Cincinnati: The Cincinnati Association of Credit Men follows the custom of making its election a real point of interest among the membership. As usual, this year, campaign committees were appointed for each candidate and at the election meeting on April 3 these committees presented their candidates with all the earnestness of a real political campaign. Special information about the candidates as to why they could give good service to the Association was presented by all of the committee.

The balloting resulted in the election of B. L. Lazar, Federal Reserve Bank; W. G. Drexelius, Geo. H. Nowland Co.; John L. Schoenenberger, Beau Brummell Ties, Inc.; P. F. Smalley, Andrews Steel Co., and I. W. Stumborg, Baldwin Co. These new directors and the hold-over members met late in the month to select officers for the ensuing year.

Cincinnati: At the election meeting of the Credit Women's Group, held at the Sinton Hotel on Thursday, April 5, the officers for the coming year were elected as follows: President, Rosa Bassler, F. D. Lawrence Electric Company; Vice-President, Angela Wise, Seybold Paper Co.; Secretary, Ruth Gammon, McKesson & Robbins; Treasurer, Julia Osseforth, Perry & Derrick Co.

Sales Executives Join In Cleveland Luncheon

Cleveland: E. B. Moran was the speaker at the weekly luncheon of the Cleveland Association held at the Hollenden Hotel on April 23. Members of the Sales Executive Club of Cleveland joined at this special luncheon meeting. Mr. Moran talked on how great profits are made through the coordinated efforts of the sales and credit departments.

Carmen Dobbs at Atlanta

Atlanta: Carmen A. Dobbs, Secretary of the Georgia Association of Credit Men, reports a continued activity on membership work of the Association in Atlanta. Mrs. Dobbs, who has been associated with the Georgia Association for a number of years, was appointed Secretary on the retirement of R. S. Stradley. Those having occasion to correspond with the Georgia Association should make note to address Mrs. Dobbs in place of the former secretary.

New Jersey A.C.M. Offers Members Disability Policy

Newark: More than 50 per cent of the members of the New Jersey Association of Credit Men have been enrolled in a special group disability policy. So far as is known here, this is the only Credit Men's Association which has such a group plan for members. The policy covers all disability from any cause occurring anywhere for full benefits, excepting suicide, war and private flying. Health and accident benefits are covered up to age 70. It is expected that the number who will enroll under this group plan will increase the next few months.

Chicago "C" Men Study Effective Speaking

Chicago: A class in "Effective Speaking" was conducted by R. E. Pattison-Kline in the headquarters of The Chicago Association of Credit Men under the direction of the Educational Committee of the Association, George E. Hedman, Kester Solder Company, chairman, on successive Monday evenings during April.

Following a lecture by Mr. Pattison-Kline on the first evening on the subject, "The Scientific Basis of Effective Speech," the various divisions were considered such as "Phrasing and Its Methods," "How to Emphasize," "Getting the Speech Mood" and "The Use of Gestures."

William J. Hummer Heads Union County Credit Club

Newark: The Union County Credit Club of the New Jersey Association of Credit Men will be under the chairmanship of Frank M. Brodhead of the Brodhead-Murphy Co., Elizabeth, with William J. Hummer, Elastic Stop Nut Corp., Union, N. J., as Vice-Chairman. A program of unusual interest was held by this Union County Club on April 19 at the Elizabeth-Carteret Hotel.

Lt. Col. Rock Speaks At Dayton Dinner

Dayton: Lt. Col. Lewis B. Rock, a son of former National President Frank D. Rock, was the speaker at the March 29 dinner meeting of the Dayton Association. Col. Rock told of his experience while with the U. S. Marine Corps in the South Pacific. He was commissioned a Major in the Marines in August, 1942, and has served as Regimental Operations Officer for the Twenty-third Marines Fourth Division.

THE
PHOENIX-CONNECTICUT
GROUP
of
Fire Insurance Companies


The Phoenix
Insurance Company, Hartford, Conn.
1854

The
Connecticut
Fire Insurance Co. Hartford, Conn.
1850

FOUITABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina
THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas
GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.
MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.
RELIANCE INS. CO. OF CANADA
Montreal, Canada

★
HARTFORD
30 Trinity Street
CHICAGO
Insurance Exchange
NEW YORK
110 William Street
SAN FRANCISCO
220 Montgomery Street
MONTREAL
485 McGill Street



**All Forms of Fire and
Property Insurance including
Ocean and Inland Marine**

Country-wide Brokerage Service

TIME TRIED & FIRE TESTED

How Credits Developed

By **FLORENCE E. BANKS,**
Credit Manager, Los Angeles Soap Co.,
Los Angeles

EN During the settlement and colonization of our great country, merchandising was simple.

Each family raised the raw materials out of which it manufactured its every need. If one family possessed more of one article or commodity than it actually could use, it exchanged it with another family for its surplus of something else, in the process known as "barter and exchange."

Women were the first manufacturers for they not only helped tend the flocks but they carded the wool, spun the yarn, wove the cloth and made the finished articles of clothing, bedding and table linen. Tallow from the same flocks was melted and made into candles for light and soap for cleanliness.

There was no money in those days, none was needed and "credit" had not been heard of only as it applied to moral and spiritual fibre of men and women.

Spanish Coins First Used

As settlements grew into villages and villages into towns, demands changed and with them the mode of handling commodities. Coins were brought in from Spain, then the ruler of the world, and gradually came to be used when it was not expedient nor convenient to exchange the merchandise itself. The general store appeared, to which the families took their surplus products for exchange. Barter and exchange and a limited circulation of coins continued until men moved westward and the distances between the sources of supplies and the buyers or consumers increased to the point some other form of exchange was necessary.

As it often took days and days to move merchandise from one point to another, if the merchant knew his

customer to be a goodly man, having "Character," the first "C" of Credit, he would accept from his customer a slip of paper on which was written, "I. O. U." followed by the amount, such paper being redeemable in such coin as existed, at a specified time, usually six months or a year.

First Credit Departments

Those early day merchants did most of the important work themselves and where it was necessary to delegate part of it to someone else, the cashier or bookkeeper was intrusted with the job of collecting bills as they fell due. Eventually departments were formed to suit the needs of each business firm and the one that supervised the acceptance of "credit" was called the "Credit Department" and the man in charge called the "Credit Man," such departments always under the supervision of the Treasurer or financial head of the business.

However, as there was no cooperation of any kind in the matter of "Credit" and "Collections" and as each business firm had its own system and policy, that was to collect before his competitor did, business gradually became somewhat involved. There were no Federal or State laws protecting business men against fraud and they began to lose money.

At the close of the Civil War in this country, finances were in a chaotic state, many of the states having printed their own paper money, which was of no value and losses were so heavy that the few Credit Men in existence began to wonder what could be done to prevent a worse condition. In a few cities of the east they formed local Associations of Credit Men to try to bring about some form of cooperation. A

small group of them met at the Columbian Exposition in Chicago in 1893, but nothing was accomplished. Then the panic of 1893, the worst one the country has ever experienced, struck with full force and the Credit Men knew something must be done. "Free Silver" was the talk of the day and there were empty dinner pails and no banks as we know them.

Formed in 1896

So another group of Credit Men met in Toledo, Ohio, in 1896 and formed the National Association of Credit Men, membership being composed of the few local Associations and the leading Credit Men and bankers of the country. This caused the formation of Associations in other cities, including Los Angeles,

Positions Open

Prominent company in Food Packing Industry with national distribution desires services of experienced man to take charge of credit department. The position pays well and has excellent postwar opportunities. Address reply fully stating qualifications, Box M-4, Credit and Financial Management.

MEMBER OFFERS EXPORT FACILITIES. Well known manufacturer of Building Materials with world-wide distribution, who has maintained a well-organized Export Department for over 25 years, will consider export distribution of a few allied lines, particularly Asphalt Tile Floorings, Metal Lath, Hardware, etc. This presents a real foreign trade opportunity to companies not now equipped to handle their own export business. Manufacturers interested in distributing their products in any of our world markets are invited to write for further details to Box M-1, Credit and Financial Management.

Prominent midwest manufacturer with nationwide operations has opening in its Credit Department—age 25 to 35—actual experience with Credit responsibility needed. Essential industry with postwar expansion plans. Excellent starting salary and opportunity for advancement. Application preferred from St. Louis area—must furnish referral card from USES Box M-6, Credit and Financial Management.

Positions Wanted

Accountant, Assistant Treasurer, Office Manager, Credit Manager. Experience covers a number of years, with National Organizations. Age—57 years young, with excellent health. Capable of assuming heavy responsibilities. Seek permanency with post-war opportunities. Minimum salary requirements \$4,000.00. Correspondence invited from organizations, interested in a hard hitting executive, a business builder—one who gets things done in a way that pleases. Box M-2, Credit and Financial Management.

Credit Manager available, age 49, married, excellent health, law grad, 25 years' experience Wholesale General Merchandise, Furniture and Shoe Industries. Best references, Confidential. Box M-3, Credit and Financial Management.

Credit Manager—Now employed, desires change—College Graduate, 12 years' experience all branches Credit, Collections, Handling Personnel, Accounting. Well acquainted with Credits in Southwestern states, prefer position with Pharmaceutical, Chemical, Proprietary manufacturer. Location immaterial. Box M-5, Credit & Financial Management.

also organized in 1896, and the Los Angeles Soap Company was one of the first firms to join it. The Association was formed in San Francisco in 1910.

Let me tell you here that most of the important features having to do with Credit control and that have done more than anything else to preserve the assets of the business firms of America, were thought of in the minds of the men and women in the San Francisco and Los Angeles Associations and put into force by the National later. I refer to Credit Interchange, Trade Groups, Fraud Prevention and Credit Education.

In 1883 the Los Angeles Wholesalers Board of Trade (which in 1944 fused with the Los Angeles Credit Managers' Association) was organized and the Los Angeles Soap Company became one of its first members. Through this medium our company was able to obtain credit information long before it had a Credit Department, which was not organized until 1917.

At the close of the last World War, women were placed in many jobs and professions that had formerly been closed to them. The Los Angeles Credit Men's Association was the first in the National group to admit women as representatives of its members and in 1920, Charles B. Bergin, then secretary of our Company, delegated me to attend and learn all that I could about Credit work through association with others selling to the same trade to which we sold our soap. I thus became one of the pioneers in the work for recognition of women in this profession and gained by experience during the years of the greatest development of both the Los Angeles and the National Associations of Credit Men and the greatest growth of the Los Angeles Soap Company.

If we had time and space we could tell you many things of importance but from the above you can deduct that any Credit Department is a most integral part of any industry and that your own Credit Department is in a position to obtain any information or data necessary and to assist you in every way possible in the handling of the accounts of those to whom you sell. And

furthermore, that the Los Angeles Soap Company, by its cooperation with other firms holding membership in the Los Angeles Credit Managers' Association has done its part in keeping the credit structure of our great country in the almost perfect condition in which it appears to be today. Of course, if the "Credit Chain" is stretched too much in any one of its links, it may break down as it did before, but we sincerely hope it will not. The National Association of Credit Men has become the largest commercial organization in the world and has done much to help every firm in business today. It has sponsored the Federal laws that protect business and has a committee at work in Washington, D. C., at all times watching to see that the system already built up as a safeguard is not torn down.

Hadley Now President Of Oklahoma City C.M.A.

Oklahoma City: D. P. Hadley, Crane Company credit manager, was elected President of the Oklahoma Wholesale Credit Men's Association at the annual dinner meeting held at the Huckins Hotel March 21, 1945. L. O. Brooks, Oklahoma City Hardware Company, was elected Vice-President.

Clyde N. Kemery, Manager of the Better Business Bureau, addressed the Association on the Protection of War Time Savings and pointed out the part credit departments are going to have in the protection of returning service men going into business for the first time. Ed Martin, Cook Supply Company, lead an interesting discussion on the problems of handling claims against common carriers.

J. G. Kettelman Named New Toledo President

Toledo: The 39th annual meeting of the Toledo Association of Credit Men was held at a luncheon meeting April 17, 1945, in the Georgian Room, Willard Hotel.

The following officers were elected: J. G. Kettelman, Kuhlman Builders Supply & Brick Company, President; C. J. Laures, Hickok Oil Corporation, 1st Vice-President; E. H. Weihe, Owens Corning Fiberglas Corp., 2nd Vice-President; J. A. Livi, Surface Combustion Corporation, Treasurer.

C. C. Schmidt, Ohio Bell Telephone Company, retiring president, presided at the meeting and gave his annual report showing progress and accomplishments of the Association during his term in office.

Mr. David A. Weir, Assistant Executive Manager, National Association of Credit Men, New York, N. Y., was guest

speaker and gave a most interesting address on the subject, "What's Your Plans?" Mr. Weir is a speaker of national repute and his talk dealing with post-war planning was most informative and of interest to all business executives.

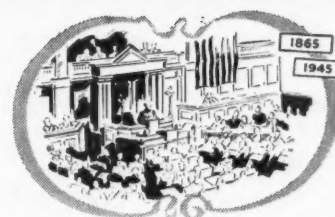
Memphis Mourns Death Of W. A. Woodmansee

Memphis: The Association is deeply grieved over the passing of Past-President W. A. Woodmansee, who served the Association as its President in 1920-21. Woody, as he was affectionately known to his many friends, had been ill and confined to his home for more than a year. Woody was Credit Manager of Goodbar Shoe Co. at the time of his activity in the Association. For many years, he has been Recorder of Al Chymia Shrine Temple. He will be missed by his many friends.

Z. H. Thomas Dies in St. Paul

St. Paul: Members of the St. Paul Association mourned the death of Zenas H. Thomas on April 15 who served as President of the St. Paul Association in the Association year 1912-13. At his funeral the pallbearers were 10 former presidents of the Association.

80th ANNIVERSARY



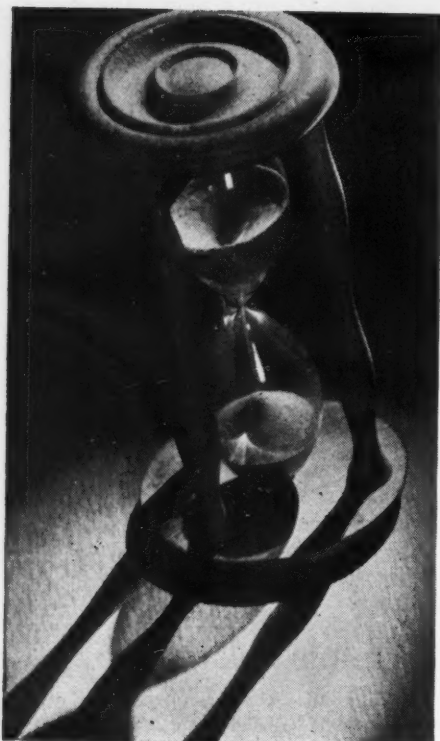
By special act of the Illinois legislature Millers National Insurance Company was founded in 1865. In those days—eighty years ago—the midwest had not yet emerged from its pioneer stage of commercial development. In the center of this great agricultural and industrial region, this company has grown to become one of America's prominent fire companies. Its history is a story of sound and steady growth.

Next time, specify one of these strong, time-tested fire companies.

MILLERS NATIONAL
Insurance Company

ILLINOIS FIRE
Insurance Company

HOME OFFICE: CHICAGO



Why Let the Sands of Time Run Against You

"The problem that confronts the United States differs in degree, but not in kind, from that which faces Canada, Great Britain, and other nations that are at war.

"In each case, it is necessary to improve the quality of speedy economic diagnosis, by training men and women who will be accustomed to think clearly in the presence of the facts, and to consider those facts against the background of economic theory and economic history."—
F. Cyril James, Vice Chancellor, McGill University, Montreal, Canada.

Prepare Now for Credit Opportunities

Success in Credit Management depends more and more on a sound knowledge of the underlying principles of credit. The man who masters credit reaches the heart of successful business procedure.

The National Institute of Credit offers you a training course that gives you a thorough background of credit principles and practice, and fits you for more efficient administration of credit department duties.



National Institute of Credit

One Park Avenue,
New York 16, N. Y.

Please send me details of your Credit and Collection Course, without obligation to me.

Name
Address
City 544 State

Your Receivables



TOO MANY COOKS SIP ALL THE BROTH

WHEN there is only so much to go around let **one** cook, instead of many, ladle out the broth. For instance, when a business is insolvent, if all its creditors use the same organization to represent their interests, costs are reduced — and creditors' dividends increase!

Let the Adjustment Bureaus of the National Association of Credit Men be the "clearing house" for you and all other creditors in assignments and in bankruptcy proceedings. **One** cook makes the broth go further!



*Guarding the
Nation's Profits*

FACTS SPEAK!

How many cents on the dollar?
According to government statistics, liquidations handled by N.A.C.M. Adjustment Bureaus average **FOUR TIMES** greater return in dividends to creditors than are shown by the official records of bankruptcy liquidations.

You choose!

COLLECTION and ADJUSTMENT BUREAUS
of the
NATIONAL ASSOCIATION of CREDIT MEN



FEWER

- CLERKS
- STATEMENTS
- LOSSES

FASTER

- AUTHORIZING
- POSTING
- COLLECTIONS

All this and more for
the H. D. Hudson Mfg. Co.

with **SIMPLIFIED UNIT ACCOUNTING**

"It may not be arithmetic," says E.W. Setty, Credit Manager of H. D. Hudson, "but it is our actual experience that two girls do the work of five since we adopted the Simplified Unit Invoice Accounting Plan."

Saving in clerical salaries is just the beginning of the advantages the plan has brought to this prominent manufacturer of farm and food production equipment. The entire accounts receivable, credit authorization and collection routine is definite, certain, and productive of accurate and rapid results.

Invoice copies, sorted and checked

for control totals, are filed in the Kolect-A-Matic "pockets", where they serve the function of ledger sheets which they replace.

Graph-A-Matic signal control on the visible margins of the pockets indicate the month of oldest unpaid invoice, enabling operators to "age" accounts in a glance, and to concentrate collection activities where they are needed. Hence the velocity of turnover of receivables is higher and bad debt losses minimized.

With this system, statement preparation is reduced to 25% of the level previously required. Trial bal-

ances are obtained in a matter of a few hours. There is also a considerable reduction in initial capital investment for equipment, in maintenance and depreciation, and no expense for ledger sheets.



THE EXPERIENCE gained in developing this plan as used with such success by H. D. Hudson and other companies is at your disposal. A Systems and Methods Technician will gladly study your requirements and make the most practical recommendation. Just call our nearest Branch Office.

KOLECT-A-MATIC of course!

SYSTEMS DIVISION

REMINGTON RAND

Buffalo 5, New York

COPYRIGHT 1944, REMINGTON RAND INC.